2013

Retirement Coordinators Manual

OPERS
OKLAHOMA

2013 Retirement Coordinators Manual

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PAGE	SECTION	TOPIC
1	-	**BOARD OF TRUSTEES** *DeWayne McAnally named new board chair, Steve Paris new vice chair*
4	-	**CONTACT INFORMATION** *Staff changes updated with updated contact information.*
20	4.10	**DEADLINES AND PENALTIES** *HB 1325 – The bill requires participating employers to provide salary and other information for retiring members no later than the fifteenth day of the month of retirement.*
32	7.5	**UNUSED SICK LEAVE** *Final Unused Sick Leave Record revised and renamed. Form is now known as Final Retirement Certification (515-134B)*
50	11.1	**RETIREMENT NOTICE AND APPLICATION – INTRODUCTION** *Application deadlines for 2013-14 updated.*
55	12	**FINAL RETIREMENT CERTIFICATION** *AG Opinion No. 2012-8 – Adoption of sick leave policy and application of terms.*
66	14.1	**CALCULATION OF RETIREMENT BENEFITS – INTRODUCTION** *HB 1325 – Final Average Salary expanded from three years to five years for new members.*
81	19.1	**POST-RETIREMENT EMPLOYMENT – INTRODUCTION** *2013 Social Security Administration allowed earnings limits. Will update for 2014 when released by SSA.*
88	23	**PROBATE WAIVERS** *HB 1325 – Increases the amount that OPERS can pay a deceased member's heir without requiring that the estate be probated. The bill also allows OPERS to pay the final benefit of a deceased member to the named beneficiary before paying the estate of the member.*
93	25.5	**RETIREMENT BENEFIT CALCULATION FOR HAZARDOUS DUTY MEMBERS** *HB 1325 – Final Average Salary expanded from three years to five years for new members.*
93	25.6	**RETIREMENT BENEFIT CALCULATION FOR FORMER HAZARDOUS DUTY MEMBERS** *HB 1325 – Final Average Salary expanded from three years to five years for new members.*

Additional Resources

Coordinator's Corner
www.opers.ok.gov/coordinators-corner

Member Education/Seminars
www.opers.ok.gov/confidence

Forms
www.opers.ok.gov/forms

***Essential*OPERS and Member Handbooks**
www.opers.ok.gov/publications

SoonerSave
www.soonersave.com

Employees Group Insurance Division – EGID (formerly OSEEGIB)
www.ok.gov/sib

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OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES

DeWayne McAnally, *Chair*
Appointee of the Governor

Steve Paris, *Vice Chair*
Appointee of the Governor

Alexandra Edwards
Appointee of the Speaker of the House of Representatives

Michael D. Evans
Appointee of the Supreme Court

Jill Geiger
Designee of State Finance Director

James R. "Rusty" Hale
Appointee of the Speaker of the House of Representatives

Thomas E. Kemp, Jr.
Member of Tax Commission selected by Commission

Don Kilpatrick
Appointee of the President Pro Tempore of the Senate

Brian Maddy
Appointee of the President Pro Tempore of the Senate

Lucinda Meltabarger
Director of Human Capital Management, Office of Management and Enterprise Services

Michael Moradi
Appointee of the Governor

Dana Murphy
Member of Corporation Commission selected by Commission

Frank Stone
Designee of the State Insurance Commissioner

ABOUT THIS MANUAL

This manual is a summary of the provisions of the Oklahoma Public Employees Retirement System's defined benefit plan, written in layperson's terms. It is not a plan document. As much as possible, this manual has been written without technical terms, avoiding the formal language of the retirement laws and rules. The Oklahoma Public Employees Retirement System reserves the right to correct any errors contained herein to comply with federal or state statutes, rules, and regulations governing the Plan. Any information contained in the manual referring to federal or state tax regulations is not intended to be tax advice. Members or participants are encouraged to consult a professional tax advisor before receiving any distribution from the plans mentioned in this booklet. If questions of interpretation arise as a result of the attempt to make the retirement provisions easy to understand, federal and state law, rules and regulations remain the final authority.

The information contained in this manual is made available as a public service. No information provided is intended to constitute legal or investment advice. While we have made every attempt to provide correct information, we do not guarantee the accuracy of information, or the accuracy of other publications referenced herein. No one shall be entitled to claim detrimental reliance on any information herein.

The information provided in this manual is based on the Oklahoma Public Employees Retirement System laws and rules in existence as of July 1, 2013 and subject to change or modification based on changes in law, rule, or policy.

A MESSAGE FROM THE EXECUTIVE DIRECTOR

Dear Retirement Coordinator:

At the Oklahoma Public Employees Retirement System (OPERS), we have committed ourselves to ***customer service***, ***teamwork,*** and ***communication***. As the retirement coordinator for your agency, you are a vital part of our extended OPERS team and a partner in communicating effectively with our members – your employees.

This manual is designed to help you fulfill your responsibilities as a retirement coordinator and answer the questions your employees have about OPERS. In addition to enrolling new members, reporting service and contributions, one of your primary responsibilities is to distribute retirement-related information to your employees, including the *Essential*OPERS plan summary and all official notices.

We believe this manual will allow you to properly carry out your duties in nearly every situation you will face as a retirement coordinator. However, if you discover a problem or encounter an issue too complex or difficult to handle, we are here to help. For your convenience, a list of staff members and their contact information is provided on the next page. You can reach us by phone at 1-800-733-9008 or (405) 858-6737 in the OKC area. Our website address is **www.opers.ok.gov**.

We know you wear a number of "hats" in your position, and being a retirement coordinator is just one of them. Please do not hesitate to contact us anytime you have a question or need our assistance. Your dedication to this important role is very much appreciated!

Sincerely,

Tom Spencer
Executive Director

CONTACT INFORMATION

P.O. Box 53007 | Oklahoma City, Oklahoma 73152-3007
(800) 733-9008 toll-free | (405) 858-6737 OKC area | (405) 848-5946 fax
www.opers.ok.gov

Active Member Issues

Questions regarding enrollments, service credit, purchases of service, vesting, benefit estimates, member contributions, terminations, or active member deaths

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Billy Cox	858-6767	bcox@opers.ok.gov
Angelina Gallegos	858-6729	agallegos@opers.ok.gov
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Cammie Story	858-6738	cstory@opers.ok.gov
Lloyd Thompson	858-6778	lthompson@opers.ok.gov

Payroll Reporting Issues

Questions regarding payroll contribution reporting and submissions

Charles Bachle	858-6728	cbachle@opers.ok.gov

Retiring Member Issues

Questions for those members currently going through the retirement process regarding vital documents, setting up tax withholding and direct deposit

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Colleen Cook	858-6775	ccook@opers.ok.gov
Nelda Nance	858-6715	nnance@opers.ok.gov
James Small	858-6777	jsmall@opers.ok.gov

Retired Member Issues

Questions for those members already retired regarding changing tax withholding and direct deposit instructions, or retired member deaths

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Shelly Owens	858-6782	sowens@opers.ok.gov
Mason Roy	858-6726	mroy@opers.ok.gov

Seminars

Questions regarding Pre-Retirement and Member Education seminar dates and enrollment

(800) 733-9008 or (405) 858-6737
www.opers.ok.gov/confidence

Forms

Ordering forms online

www.opers.ok.gov/online-form-orders

Other OPERS Contacts

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SoonerSave

Questions regarding SoonerSave 401(a) and 457 Plans participation

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Mark Wehling	858-6781	mwehling@opers.ok.gov

DRIVING DIRECTIONS TO OPERS OFFICES

The OPERS office is not accessible from the Broadway Extension (US-77/I-235), as our physical address suggests. Our office is only accessible via Robinson Avenue, which is one block west of the Broadway Extension, as shown on the map below. Visitors are advised to use one of the driving routes explained on this page rather than trying to obtain driving directions using online mapping services.

From the north

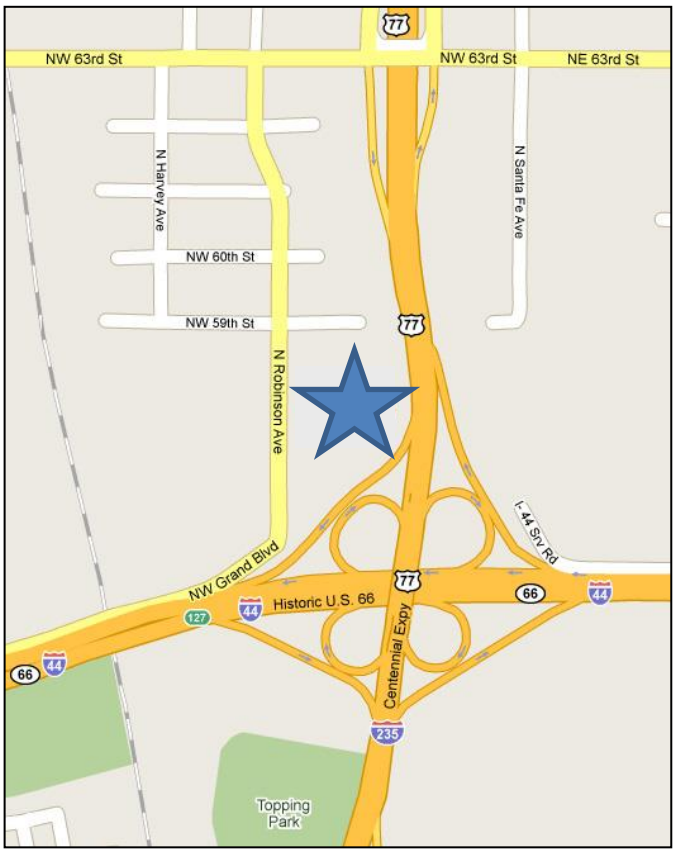
Travel south on I-35 to the I-44 West exit (#133) to Lawton/Amarillo. Merge onto I-44 W. Take the I-235/US-77 North exit (#127), towards Edmond. Keep right at the fork in the ramp then immediately take the 63rd street exit. Use caution. At the light, turn left. Take the inside lane on 63rd street one block west to the light at Robinson. Make a left and continue to the Paragon Building.

From the south

Travel north on I-35 to I-235 North (the State Capitol/Edmond exit) which becomes Broadway Extension. Merge into the right lane prior to the 63rd Street exit but use caution. Look for merging traffic. Exit to 63rd Street. Turn left at the light on 63rd Street. Take the inside lane on 63rd street one block west to the light at Robinson. Make a left and continue to the Paragon Building.

From the east or west

Travel on I-40 to I-235 North (the State Capitol/Edmond exit), which becomes Broadway Extension. Merge into the right lane prior to the 63rd Street exit but use caution. Look for merging traffic. Exit to 63rd Street. Turn left at the light on 63rd Street. Take the inside lane on 63rd street one block west to the light at Robinson. Make a left and continue to the Paragon Building.



CHAPTER 1: RETIREMENT COORDINATOR RESPONSIBILITIES

The Appointing Authority of each state agency and the governing body of any participating county, city, town, county hospital, or emergency medical district shall designate a Retirement Coordinator and at least one alternate coordinator to serve as a representative between OPERS and the participating employer. The Retirement Coordinator shall be responsible for the proper enrollment of members and completion of the various forms necessary for the operation of OPERS in accordance with this Retirement Coordinator's Manual. Any information provided by a Retirement Coordinator will not supersede or modify the statutes or rules and regulations governing OPERS.

1.1 PREPARATION & IDENTIFICATION OF DOCUMENTS

All retirement documents prepared by a Retirement Coordinator concerning any employee should be prepared in duplicate. The Retirement Coordinator should keep a copy of every document for his or her files. All correspondence should have the employee's name and Social Security number as well as the agency's name. It is important every form requiring a signature contains an **original signature in ink**, not a copy created by a copier or facsimile.

Retirement Coordinators are responsible for ensuring each participating OPERS member is provided the most current plan summary and all other official notices from OPERS. Each Retirement Coordinator must establish and maintain sufficient documentation to verify compliance with this rule and shall furnish it upon request by OPERS (OAC 590 § 1-1.5).

1.2 FALSE STATEMENTS

"Any person who shall knowingly make false statements, or who shall falsify or permit to be falsified any record necessary for carrying out the intent of the Retirement System law for the purpose of committing fraud, shall be guilty of a misdemeanor, and upon conviction, shall be punished by a fine not exceeding Five Hundred Dollars ($500) or by imprisonment for not exceeding one year . . ." (74 O.S. §924, as may be amended).

1.3 CONFIDENTIAL INFORMATION

OPERS strives to protect the confidentiality of information contained in a member's file. All care is taken when discussing personal information over the telephone, and our aim is to provide accurate and timely information meeting the needs of our members. In an effort to be flexible in this regard, some information may be discussed over the telephone with members. Those members must verify their identity by providing accurate confidential information when asked. The caller must provide information consistent with the member's information in our records to verify his or her identity. OPERS staff members may decline to provide information in any instance where they feel there is a confidentiality risk, or if the caller does not sufficiently verify his or her identity.

Certain member information will be disclosed without the member's consent if requested in writing for a specific purpose. The disclosed member information may include:

- Name;
- Age;
- Amount of contributions paid;
- Benefits being paid (and verifying documents); and,
- Amount of credited service (and verifying documents).

All other information related to a member, as kept in his or her retirement file, shall be kept confidential unless the member has consented in writing to its release. Any information in a member's retirement file is subject to subpoenas or court order.

1.4 ACTIVE MEMBER NAME CHANGE

OPERS no longer requires written confirmation and/or documentation[1] from an active member when a name change occurs. The system will update the new name from the payroll records. Please make sure the member's information is correct on your payroll reports.

Vested and retired members will need to provide a written request and documentation to make a name change.

[1] While OPERS no longer requires documentation to change a name, it is still a good idea for the member to send us those documents. At retirement, it is likely we will request verification of the name change if it differs from member records.

CHAPTER 2: RESPONSIBILITIES OF MEMBERSHIP

2.1 HEARINGS BEFORE THE BOARD OF TRUSTEES

Title 74, Section 904 of the Oklahoma Statutes governing OPERS makes provision for aggrieved persons to have an administrative hearing to address their grievance. This procedure is available to appeal any administrative action of the agency. A request for a hearing must be submitted in writing to the Executive Director at the OPERS office in Oklahoma City within 30 days of notice of the action from which the person is appealing. The request for a hearing should clearly set forth the facts and the basis for the grievance, along with the relief requested.

The hearing procedures can be found in the Permanent Rules at 590:1-1-6. A hearing examiner will conduct the evidentiary hearing with the Board of Trustees issuing the Final Order. The hearing shall be conducted in accordance with the Administrative Procedures Act as provided for in 75 O.S.2001, sections 250 through 323, as amended. **This is the exclusive remedy for aggrieved persons**. As a general rule, no court action can be pursued until this remedy is exhausted.

2.2 FORFEITURE OF BENEFITS

Honorable service is a condition of both employment and the receipt of any employment related benefits. Title 51 of the Oklahoma Statutes, Section 24.1 provides, among other things, for the forfeiture of an OPERS member's retirement benefits if the member is convicted of, or pleads guilty or *nolo contendere* to, a felony or other crime which violates the member's oath of office. Benefits will not be forfeited if the member successfully completes a deferred sentence; however, he or she will not be eligible to receive benefits while serving the deferred sentence.

Forfeiture applies to all benefits accrued after September of 1981, but does not include the member's contributions to OPERS. The statute prevents vesting of the member's right to receive retirement benefits if certain offenses are committed prior to retirement. However, benefit forfeiture can also occur after retirement if the offense occurred while the member was a public employee, even if he or she was not convicted until after retirement.

2.3 ADDRESS CHANGES

It is important members notify OPERS of mailing address changes. Members who change their address should submit a *Change of Address* form (Form 515-160). OPERS accepts mailing address changes for active or vested members by fax. Originals and faxes must have the member's name, Social Security number and bear a signature.

2.4 BENEFICIARY CHANGES

A newly enrolled employee is required to designate a primary and contingent beneficiary on the *Active Member Designation of Beneficiary* form (Form 515-116AV). The designation of a beneficiary is important because it allows OPERS, upon the death of the member, to pay a member's accumulated contributions or a death benefit to a person chosen by the member.

Retirement Coordinators should encourage members to keep their beneficiary designations current, and provide Form 515-116AV to active members. Vested and retired members should be instructed to contact OPERS directly for the correct form(s). See CHAPTER 20: BENEFICIARY DESIGNATION for designation guidelines.

2.5 CORRESPONDENCE

In all correspondence with OPERS, members are encouraged to provide their full name, Social Security number, the name of the agency they work for, a current mailing address and their signature. The *Member Request* form (Form 515-135) has been created for those members who need information about their accumulated contributions, accrued service credit, or those who would like to purchase service credit, or request a retirement benefit estimate.

2.6 DIVORCE

Valuation of a Retirement Benefit

Members in the process of obtaining a divorce often request OPERS to calculate the value of their retirement benefit. OPERS will, upon request, provide the amount of monthly benefits the member would receive based on his or her service to date and the date he or she would be eligible to receive them. However, if a member does not have enough service credit to be eligible to elect a vested benefit, OPERS can only provide the amount of the member's accumulated contributions. If the member has enough service credit to be eligible to elect a vested benefit, OPERS cannot determine the present value of his or her retirement benefit.

This information can be obtained from OPERS approximately 14 days after receipt of the request. OPERS will not release this information to an attorney or spouse without the member's written consent. **This information will not be released over the telephone under any circumstances**.

Qualified Domestic Relations Orders (QDRO)

Benefits under OPERS cannot be assigned or alienated. However, OPERS may comply with a state court order requiring benefit payments to a spouse, former spouse or for the support of a minor child or children if the order meets the statutory criteria for a Qualified Domestic Relations Order (QDRO). (See 20 O.S. §1111.) The QDRO must be approved and filed with OPERS to be enforceable. Members are encouraged to have their attorney submit a draft of the QDRO to OPERS for approval **prior to** obtaining the final order. The QDRO form and instructions are available on the OPERS website.

2.7 ROLLOVERS INTO THE OPERS DEFINED BENEFIT PLAN

A member may request OPERS to accept a transfer/rollover from an eligible plan or Individual Retirement Account (IRA) and deposit it in the defined benefit plan for the purpose of repaying a withdrawal or to purchase eligible service credit. OPERS will provide the appropriate form upon request. Members should contact SoonerSave if they wish to roll over funds into one of the plans administered by SoonerSave.

CHAPTER 3: ELIGIBILITY FOR MEMBERSHIP

3.1 MEMBERSHIP REQUIREMENTS

Each new employee of a participating employer becomes a member of OPERS on the first day of the month immediately following the date of employment, provided all three following requirements are met:

A. **The position the employee holds is permanent, not seasonal or temporary** (Please note, while there are many different variations of employment status, the determination of an employee's status is left to the discretion of the participating employer. Caution should be exercised in determining an employee's status and any potential errors should be avoided by favoring participation in OPERS over non-participation. Employer questions as to an employee's membership eligibility should be directed to OPERS.);

AND

B. **The position the employee holds requires at least 1,000 hours work per year** (within 12 months after the first day of employment);

AND

C. **The salary of a full-time employee must be equal to or greater than the minimum wage**.

Employees who meet these three requirements above are eligible for membership. **With limited exceptions**, **membership is mandatory for all employees who are eligible**.

A. The age of an employee is not a factor in determining eligibility for membership in OPERS.
B. Membership is a condition of continuing employment for eligible members.
C. Members of OPERS whose hours worked and/or salary earned falls below eligibility levels after they have established eligibility in OPERS (with no break in service) remain eligible for participation and must continue to participate.

Special provisions for determining eligibility

A. Any eligible employee of a county superintendent of schools who is not currently participating in the Teachers Retirement System shall be a member of OPERS.
B. Any retired member of a reserve or regular component of one of the Armed Services of the United States is eligible.
C. Those persons currently receiving or eligible to receive pensions for service rendered as a volunteer fireman are eligible to participate in OPERS.
D. An employee who has retired from another retirement system authorized by the laws of the state of Oklahoma is eligible for membership including the:

- Oklahoma Firefighters Pension and Retirement System;
- Oklahoma Police Pension and Retirement System;
- Uniform Retirement System for Justices and Judges;
- Oklahoma Law Enforcement Retirement System; or
- Oklahoma Teachers Retirement System.

E. All officers, appointees, or employees of the offices of the District Attorneys shall participate in OPERS except those employed in Oklahoma and Tulsa counties and who are already participating in those counties' retirement plans.
F. OPERS retirees who return to work for a participating employer after retirement must participate regardless of the number of hours worked, salary earned or even if their employment is temporary, seasonal, or part-time. Participation begins the first day of reemployment. As a Retirement Coordinator, it is very important you determine where your new employees have previously been employed and whether or not they have retired from OPERS. For more information, refer to Chapter 19: Post-Retirement Employment.
G. OPERS members who leave employment and participation in OPERS and do not withdraw their contributions must resume participation in OPERS on the first day of their new employment in an eligible position. Such a return to employment cancels any application for withdrawal.
H. County Election Board Secretaries are considered full-time employees and eligible to participate in OPERS. Other employees of the Election Board Office who are part-time employees (less than 40 hours work per week) accrue service credit according to the actual hours worked.
I. Employees of the Housing Finance Agency hired prior to July 1, 1997, may elect to continue benefits under the benefits plan provided by the Housing Finance Agency. Employees of the Housing Finance Agency hired on or after July 1, 1997, must participate in OPERS. Contact OPERS for more information about the rights of Housing Finance Agency employees hired before July 1, 1997.
J. Employees of the George Nigh Rehabilitation Institute who elected to retain membership in OPERS by January 1, 2000, are considered eligible members.
K. Former employees of the Medical Technology and Research Authority (MTRA) who elected to retain membership in OPERS by December 31, 2001, are considered eligible members.
L. Employees of the Quartz Mountain Center who elected to retain membership in OPERS by January 15, 2002, are considered eligible members.

Membership Ineligibility

A. Employees of county extension offices were transferred to the Oklahoma Teachers Retirement System July 1, 1987. They are no longer eligible for membership in OPERS.
B. An OPERS member is not allowed to simultaneously participate in OPERS and in another Oklahoma state retirement system on the same job (position).
C. Employees who are making contributions to the Federal Civil Service Retirement System on any job are ineligible for membership in OPERS.

Optional Membership

A. Effective January 1, 1989, and after, membership in OPERS is optional for temporary employees of the State Senate, the House of Representatives, or Legislative Services for the full duration of a regular legislative session. However, once the employee chooses to participate or not to participate in OPERS, it shall be binding for all future legislative sessions. The employee shall receive six months of full-time participating service for each full regular session in which he or she participates.
B. Membership is optional for state and county elected officials who are otherwise eligible to become members of OPERS. However, all county elected officials who were participating in OPERS as of July 1, 1988, are required by law to continue membership and to participate as elected officials. (See Chapter 27 for more information about elected officials.)

3.2 WHEN TO BEGIN CONTRIBUTIONS

The Rules

An employee who has never been a member of OPERS begins paying contributions to OPERS the first of the month *following* the date he or she was hired in an eligible position. The employer must also begin paying contributions to OPERS the first day of the month *following* the date the employee was hired. However, employees who are already OPERS members when they are hired in an eligible position must begin paying contributions the *first day* they are hired. Likewise, employer contributions begin the *first day* the employee is hired. **Failure to pay contributions may be very costly. The employer is responsible for all employee and employer costs when an error in participation occurs.** This employer responsibility also applies to any failure to withhold additional Step-Up contributions when a member has elected the Step-Up Option.

The Law

An OPERS member is defined as an "eligible employee or elected official who is in the System and is making the required employee or elected official contributions, or any former employee or elected official who shall have made the required contributions to the System and shall have not received a refund or withdrawal." 74 O.S.Supp. 1997 §902(22) Employees are *eligible* for membership in OPERS if their "employment is not seasonal or temporary and . . . [they work] at least one thousand (1,000) hours . . . per year and [their] salary or wage is equal to the hourly rate of the monthly minimum wage . . . ." 74 O.S.Supp. 1997 §902(14)

Each eligible employee "shall be a member of OPERS on the first day of the month immediately following employment." 74 O.S.Supp. 1997 §911(2) When an eligible employee does become a member, the participating employer is required to pay contributions "monthly, or as the Board may otherwise provide, to the Executive Director for deposit in the Oklahoma Public Employees Retirement Fund." 74 O.S.Supp. 1997 §919.1(2).

In summary, if the employee is not an OPERS member when he or she is hired by a participating employer, the employee does not become a member until the first day of the month immediately following employment. Each month the employee earns salary, the participating employer is obligated to pay employer and employee contributions. This continues as long as the employee retains membership in OPERS and continues to earn salary with a participating employer.

Example: Barbara began her career with Employer A, an OPERS participating employer. Since Barbara was not an OPERS member before, Employer A did not have to pay employee and employer contributions to OPERS until the month following the date Employer A hired Barbara. After working with Employer A for three years, Barbara terminates her employment and chooses *not* to withdraw her accumulated contributions from OPERS. Employer B, another OPERS participating employer, then hires Barbara in an eligible position. Because Barbara did not withdraw her accumulated contributions, she still retains her OPERS membership. Consequently, Barbara is still an OPERS member when Employer B hires her, and Employer B must pay employer and employee contributions for her beginning the **first** day of her employment with Employer B.

If Barbara had withdrawn her accumulated contributions after she terminated her employment with Employer A, she would have no longer been an OPERS member. Under this scenario, when Barbara was later employed by Employer B, she would not contribute again until the first day of the month immediately after employment with Employer B. Employer B would not pay contributions to OPERS on behalf of Barbara until the month immediately following her employment.

Contact OPERS

Contact the Member Services division of OPERS for instructions if you do not know when an employee is eligible to begin contributing.

3.3 ENROLLMENT PROCESS

How to enroll a new employee in the Oklahoma Public Employees Retirement System:

A. **Make sure the new employee is eligible**. If eligible, membership is mandatory. (See 3.2: When to Begin Contributions.) NOTE: A "probationary" period is still considered permanent employment.
B. **Use the secure online employer website to enroll a new employee.** When verifying employment data, list participating service the employee had with any other participating employer. As the Retirement Coordinator, your user name and password are used in place of a signature.
C. **The accuracy of the Social Security number should be checked against the number on the payroll and the employee's Social Security card.** It is best to obtain a copy of the employee's Social Security card. If the employee furnishes proof of birth, provide it for verification.
D. **Members should be enrolled in a timely manner.** The enrollment information can be printed from the website and you should retain a copy for your personnel records. It is your responsibility as Retirement Coordinator to inform the employee contributions will be deducted.
E. **Beneficiary designations are not submitted online.** Inform the employee in the event of death, OPERS must have a *Designation of Beneficiary Form* (Form 515-116AV) to return the contributions to the designated beneficiary. Please follow up to ensure the member has completed a *Designation of Beneficiary Form* correctly verifying required information (such as Social Security numbers, addresses of beneficiaries, etc.).
F. **You should strongly advise all payroll clerks to determine the Step-Up election status of employees who are newly hired or who transfer from another OPERS participating employer before adding them to the payroll.** If necessary, call our Member Services division and one of our representatives can check this information.

IMPORTANT: Errors can be costly! If an employee has previously elected the Step-Up and the employer does not withhold retirement contributions at the Step-Up rate (currently an additional 2.91%) from the first day of employment, state law requires the employer to pay the unpaid employee contributions – plus interest – when the error is discovered.

For more information about the Step-Up program, see section 14.7.

NOTE: Effective July 1, 2009, paper enrollments forms are no longer accepted. All enrollments must be submitted online.

CHAPTER 4: MONTHLY MEMBER & PARTICIPATING EMPLOYER CONTRIBUTIONS

4.1 HISTORY OF STATE AGENCY & MEMBER CONTRIBUTION RATES

The following is a history of OPERS contribution rates.

January 1, 1964 through June 30, 1968
Based on $6,600 Maximum Salary Cap

$0 to $4,500		
Employee	Employer	Total
3.0%	3.0%	6.0%

$4,500 to $6,600		
Employee	Employer	Total
4.0%	3.0%	7.0%

July 1, 1968 through May 31, 1969
Based on $7,800 Maximum Salary Cap

$0 to $4,500		
Employee	Employer	Total
3.0%	3.0%	6.0%

$4,500 to $7,800		
Employee	Employer	Total
4.0%	3.0%	7.0%

June 1, 1969 through June 30, 1970
Based on $7,800 Maximum Salary Cap

$0 to $4,500		
Employee	Employer	Total
3.0%	5.0%	8.0%

$4,500 to $7,800		
Employee	Employer	Total
4.0%	5.0%	9.0%

July 1, 1970 through June 30, 1972
Based on $12,000 Maximum Salary Cap

Employee	Employer	Total
4%	6%	10%

July 1, 1972 through June 30, 1976
Based on $12,000 Maximum Salary Cap

Employee	Employer	Total
0%	10%	10%

July 1, 1976 through June 30, 1977
Based on $15,000 Maximum Salary Cap

Employee	Employer	Total
1%	10%	11%

July 1, 1977 through June 30, 1979
Based on $15,000 Maximum Salary Cap

Employee	Employer	Total
0%	13%	13%

July 1, 1979 through June 30, 1980
Based on $15,000 Maximum Salary Cap

Employee	Employer	Total
0%	14%	14%

July 1, 1980 through June 30, 1981
Based on $16,600 Maximum Salary Cap

Employee	Employer	Total
0%	14%	14%

July 1, 1981 through June 30, 1982
Based on $18,900 Maximum Salary Cap

Employee	Employer	Total
1%	14%	15%

July 1, 1982 through June 30, 1987
Based on $25,000 Maximum Salary Cap

Employee	Employer	Total
2%	14%	16%

July 1, 1987 through June 30, 1988
Based on $40,000 Optional Maximum Salary Cap

$0 to $25,000			**$25,000 to $40,000**		
Employee	Employer	Total	Employee	Employer	Total
0.0%	8.0%	8.0%	10.0%	8.0%	18.0%

July 1, 1988 through June 30, 1990
Based on $40,000 Optional Maximum Salary Cap

$0 to $25,000			**$25,000 to $40,000**		
Employee	Employer	Total	Employee	Employer	Total
2.0%	14.0%	16.0%	10.0%	14.0%	24.0%

July 1, 1990 through June 30, 1991
Based on $40,000 Optional Maximum Salary Cap

$0 to $25,000			**$25,000 to $40,000**		
Employee	Employer	Total	Employee	Employer	Total
2.0%	10.5%	12.5%	10.0%	10.5%	20.5%

July 1, 1991 through June 30, 1994
Based on $40,000 Optional Maximum Salary Cap

$0 to $25,000			**$25,000 to $40,000**		
Employee	Employer	Total	Employee	Employer	Total
2.0%	11.5%	13.5%	10.0%	11.5%	21.5%

July 1, 1994 through June 30, 1995

Based on $50,000 Maximum Salary Cap

$0 to $25,000			$25,000 to $40,000			$40,000 to $50,000		
Employee	Employer	Total	Employee	Employer	Total	Employee	Employer	Total
2.0%	11.5%	13.5%	3.5%	11.5%	15%	10.0%	0.0%	10.0%

July 1, 1995 through June 30, 1996

Based on $60,000 Maximum Salary Cap

$0 to $25,000			Over $25,000		
Employee	Employer	Total	Employee	Employer	Total
2.0%	11.5%	13.5%	3.5%	11.5%	15.0%
Maximum Monthly Amounts					
$41.67	$239.58	$281.25	$102.08	$335.42	$437.50

July 1, 1996 through June 30, 1997

Based on $70,000 Maximum Salary Cap

$0 to $25,000			Over $25,000		
Employee	Employer	Total	Employee	Employer	Total
2.5%	12%	14.5%	3.5%	12%	15.5%
Maximum Monthly Amounts					
$52.08	$250	$302.08	$131.25	$450	$581.25

July 1, 1997 through June 30, 1998

Based on $80,000 Maximum Salary Cap

$0 to $25,000			Over $25,000		
Employee	Employer	Total	Employee	Employer	Total
3.0%	12.5%	15.5%	3.5%	12.5%	16%
Maximum Monthly Amounts					
$62.50	$260.42	$322.92	$160.41	$573.91	$733.32

July 1, 1998 through June 30, 1999

$0 to $25,000			Over $25,000		
Employee	Employer	Total	Employee	Employer	Total
3.0%	12.5%	15.5%	3.5%	12.5%	16%
Maximum Monthly Amounts					
$62.50	$260.42	$322.92			

July 1, 1999 through June 30, 2005

$0 to $25,000			Over $25,000		
Employee	Employer	Total	Employee	Employer	Total
3.0%	10%	13%	3.5%	10%	13.5%
Maximum Monthly Amounts					
$62.50	$208.33	$270.83			

July 1, 2005 through June 30, 2006

$0 to $25,000			Over $25,000		
Employee	Employer	Total	Employee	Employer	Total
3.0%	11.5%	14.5%	3.5%	11.5%	15%
Maximum Monthly Amounts					
$62.50	$208.33	$270.83			

July 1, 2006 through June 30, 2007

Employee	Employer	Total
3.5%	12.5%	16%

July 1, 2007 through June 30, 2008

Employee	Employer	Total
3.5%	13.5%	17%

July 1, 2008 through June 30, 2009

Employee	Employer	Total
3.5%	14.5%	18%

July 1, 2009 through June 30, 2011

Employee	Employer	Total
3.5%	15.5%	19%

July 1, 2011 through June 30, 2013

Employee	Employer	Total
3.5%	16.5%	20%

4.2 STATE AGENCY & MEMBER CONTRIBUTION RATES

The contribution rates for state agencies and their employees are given below.

July 1, 2013 through June 30, 2014

Employee	Employer	Total
3.5%	16.5%	20%

2.5% Step-Up

Members may also make an irrevocable election to increase or "step-up" their benefit computation factor from 2.0% to 2.5%. A higher retirement contribution rate (currently an additional 2.91%) is required of the members making this election. For more information about this provision, see Section 14.7.

4.3 LOCAL GOVERNMENT & NON-STATE FINANCE AGENCY CONTRIBUTION RATES

Contributions for local government employers and their employees for July 1, 2013, are given in the tables below. Local government employers can elect the rate at which the organization will contribute and the rate each employee will contribute subject to certain minimum and maximum contribution rates. Employer contribution rates for Regular Local Government Employees cannot exceed 16.5% and cannot be less than 11.5%. For the fiscal year ending June 30, 2014, the total employer and employee contributions are 20%. The table shows the different contribution rate combinations which local government organizations may choose for Regular Local Government Employees. Each mix has a letter code identifying the combination.

OPERS Code	Employer	Employee	Total
C	11.5%	8.5%	20.0%
Z	12.0%	8.0%	20.0%
F	12.5%	7.5%	20.0%
G	13.0%	7.0%	20.0%
H	13.5%	6.5%	20.0%
U	14.0%	6.0%	20.0%
I	14.5%	5.5%	20.0%
L	15.0%	5.0%	20.0%
N	15.5%	4.5%	20.0%
T	16.0%	4.0%	20.0%
P	16.5%	3.5%	20.0%

For those employees participating in the 2.5% Step-Up (See Section 14.7), a "W" must precede the above letter code. See Table below:

OPERS Code	Employer	Employee	Total
WC	11.5%	8.5% + 2.91% = **11.41%**	22.91%
WZ	12.0%	8.0% + 2.91% = **10.91%**	22.91%
WF	12.5%	7.5% + 2.91% = **10.41%**	22.91%
WG	13.0%	7.0% + 2.91% = **9.91%**	22.91%
WH	13.5%	6.5% + 2.91% = **9.41%**	22.91%
WU	14.0%	6.0% + 2.91% = **8.91%**	22.91%
WI	14.5%	5.5% + 2.91% = **8.41%**	22.91%
WL	15.0%	5.0% + 2.91% = **7.91%**	22.91%
WN	15.5%	4.5% + 2.91% = **7.41%**	22.91%
WT	16.0%	4.0% + 2.91% = **6.91%**	22.91%
WP	16.5%	3.5% + 2.91% = **6.41%**	22.91%

All contributions and documentation for non-state agency employers are due on or before the 15th of the month following the month for which the contributions are payable. Contributions paid more than 30 days after the due date are subject to a late charge of 1.5% of the unpaid balance.

4.4 LOCAL GOVERNMENT AGENCY PICK-UP PROVISION

The majority of local government employees contribute to OPERS with salary already taxed. In this situation, the employee does not get the benefit of excluding the portion of their salary they contribute to OPERS from their current taxable income. Accordingly, if a member chooses to withdraw his or her contributions, or the member's contributions are distributed to a beneficiary sometime in the future, those contributions will not be subject to taxation at that time. However, Oklahoma law allows local government employers to take advantage of an IRS provision called the "Pick-Up" Provision, which allows employees to exclude the portion of their salary contributed to OPERS from their taxable income for the current year.

The governing body of the local government agency will need to adopt a resolution stating they wish to adopt the "Pick-Up" Provisions codified in 74 O.S.SUPP.1998 § 920A, (E) & (F) and submit it to OPERS. The resolution must be on the agency's letterhead, signed by each member of the governing body, with an appropriate attestation.

If your organization adopts the "Pick-Up" Provision, please note, the Retirement Coordinator will report "picked-up" contributions in the **taxable** column of the monthly report (See Chapter 5). OPERS tracks the amount of before-tax and after-tax contributions for each member and reports these annually to the member. Therefore, OPERS will be able to ascertain the appropriate tax treatment for the amount distributed when a distribution from OPERS is made (e.g. withdrawal or a monthly retirement benefit).

Local government employers who participate in the "Pick-up" Provision who need information on the appropriate method of calculating F.I.C.A. and Medicare taxes, should contact the Internal Revenue Service.

4.5 CONTRIBUTIONS PAID ON ACCRUED SICK/VACATION LEAVE AT TERMINATION OF EMPLOYMENT

Lump-sum payment made to a member for accrued or earned vacation or sick leave is **not subject to retirement contributions**. Also, **do not pay retirement contributions** on vacation, annual leave, or holiday pay paid to a member who is receiving both their regular salary and payment for their vacation, annual leave, or holiday pay.

4.6 CONTRIBUTIONS PAID ON OVERTIME WAGES

It is illegal to pay retirement contributions on overtime wages or compensatory time received by exempt employees. Overtime hours and wages cannot be used in determining a member's service credit time or average compensation when calculating retirement benefits. Wages paid to a member for overtime work should not be reported in the hours worked column or any other place on the payroll report.

4.7 CONTRIBUTIONS PAID ON COMMISSIONS AND TIPS

Retirement contributions **cannot** be paid on commissions or tips received by members of OPERS.

4.8 CONTRIBUTIONS ARE NOT ASSIGNABLE

The accumulated contributions in a member's account are not subject to execution, garnishment, or attachment, and are not assignable except under Qualified Domestic Relations Orders (QDROs). OPERS can provide a form for this purpose. The QDRO must be approved and on file with OPERS. Encourage members to have their attorney submit a draft of the QDRO to OPERS for approval prior to obtaining the final order.

4.9 APPLICATION FOR REFUND (EMPLOYEE & EMPLOYER) (Form 515-120)

This form is used to request a refund of employee and/or employer contributions erroneously paid to OPERS. Refunds are paid on the last working day of the month. Payment can be expected approximately three months after the month in which the error occurred if the application is submitted in a timely manner. Refunds of state agency employer contributions will be made to the agency by credit from the Office of Management and Enterprise Services (OMES), formerly the Office of State Finance. Refund payments to a local government agency will be made by a warrant issued directly to the employer, provided the employer owes nothing to OPERS.

State agencies also may apply directly to OMES for refunds of employee and employer retirement contributions or execute reversals through the CORE payroll program.

4.10 DEADLINES AND PENALTIES

As stated earlier, all participating employers must remit retirement contributions to OPERS monthly.

A. For non-state agency employers, all contributions and documentation are due on or before the 15th of the month following the month for which the contributions are payable.
B. For state agencies, all contributions must be received by OPERS on or before the 15th day following the last day of the pay period for which they are due.

Contributions paid more than 30 days from the due date are subject to a late charge of 3.0% of the unpaid balance.

4.11 LIMITED BENEFIT

In 1987, members whose annual salary exceeded $25,000 were given the opportunity to make contributions on salary in excess of $25,000 but not exceeding $40,000. Some members elected to pay these additional retirement contributions on salary in excess of $25,000 to become entitled to a higher retirement benefit. However, subsequent legislation eliminated the need for these additional contributions and provided for the return of those additional contributions in the form of temporarily increased monthly benefit payments.

Those members who made contributions on salary in excess of $25,000 prior to 1994, but were not active members on July 1, 1998, will receive a limited additional monthly retirement benefit when they retire provided they meet the following:

A. The member was not an actively participating or retired OPERS member on July 1, 1998; and,
B. The member had either vested, or was eligible to vest, his or her retirement benefits as of July 1, 1998; and,
C. The member had not retired or begun to receive retirement benefits as of July 1, 1998; and,
D. The member paid contributions on compensation earned in excess of $25,000 prior to July 1, 1994.

These members will receive an additional payment of $200 per month in retirement until the total amount paid equals the amount of excess contributions the member paid on compensation earned in excess of $25,000 prior to 1994.

4.12 2.5% STEP-UP

Effective in 2004, members may make an irrevocable election to increase or "step-up" their benefit computation factor from 2.0% to 2.5%. Members are required to make an additional retirement contribution to "step-up" their retirement benefit. Currently, this actuarially determined amount is an additional 2.91% of the compensation for retirement purposes. To determine the Step-Up contribution rate, add an additional 2.91% to the current retirement contribution rate. These rates could change in the future.

For more information about Step-Up, see Section 14.7.

4.13 EXCESS BENEFIT PLAN

Members electing the Step-Up are not permitted to participate in the Excess Benefit Plan to the extent any excess benefit is attributable to the Step-Up election. The Excess Benefit Plan applies only to a very small number of members. If you have questions about the Excess Benefit Plan, please call OPERS.

CHAPTER 5: PAYROLL FOR LOCAL GOVERNMENT & NON-STATE FINANCE OFFICE EMPLOYERS

5.1 MEMBERSHIP PAYROLL & MONTHLY REPORT

A membership payroll is available online **[https://connect.opers.state.ok.us]** for the Retirement Coordinator with the previous month's salaries and retirement data. It is the Payroll Coordinator's responsibility to adjust the figures to correspond with the current month's payroll and to return to OPERS. This updated report together with the correct remittance and completed *Certificate of Remittance* (Form 515-106), a *Payment Remittal* (Form 515-107) and other applicable forms are due **no later than the 15th day of each month**, preferably by the 10th day of each month.

How to prepare the Payroll Report:

A. Make corrections in the **Total Earnings and Hours Worked** on the online report. Please double-check your total contributions since a variety of percentages may apply to your agency's report. These are the amounts to carry forward to the *Certificate of Remittance* (Form 515-106).
B. **Overtime wages and hours** are not subject to retirement contributions, and should not be included on your payroll report. Unused vacation wages paid to an employee after their last date on payroll (usually a lump sum) are also not subject to contributions.
C. Make any necessary **corrections in name, Social Security number, etc.** on the online report. Also, submit an *Employer's Report of Additions or Deletions to Monthly Payroll* (Form 515-102) to record changes of this type. This form is used to make changes on the OPERS "alpha" records. When an employee is removed from the monthly payroll, for whatever reason, delete from the online report, Social Security number, and payroll even though the employee may later return and be re-entered on a subsequent payroll report.
D. **Retroactive Pay Raises & Longevity Pay** - Retroactive pay raises and longevity pay should be on an online supplement report separate from the monthly report. The current month's salary on the online report should be changed to include the raise. Do not include hours on the online report.
E. **Salary Not Earned in the Reporting Month** - Salary needs to be reported to OPERS when an employee has not been enrolled at the proper time. For example, (1) when an employee is a transfer and contributions should have been computed the first day of hire, or (2) when an employee is eligible, but was inadvertently omitted from the report. Please note, salary earned in a month other than the reporting month must be submitted separately and not as a part of your regular report as it has been in the past.
F. **Job-related Injury/Illness** - If you have an employee who is not working due to Workers' Compensation, you will **not** report any salary or hours for that month. You may leave his or her name and Social Security number on the online report. The only exception is when Workers' Compensation pays a certain portion of the monthly salary and the employer pays the balance, if the employee has paid leave that can be used for this purpose. The balance would then be reported to OPERS, and contributions would be paid and the hours would be prorated for that amount.

G. **Installment Plan Payments** - You must provide installment plan payments separate from the payroll report. Be sure to identify the installment payments as such when submitting them to OPERS. A copy of the payroll deduction form for an employee for each month should be included with the installment payment.

H. **Elected Official employee contribution rates** vary according to the date the official was first elected or appointed to elected office and/or the official's rate choice, if applicable. (See CHAPTER 27: ELECTED OFFICIALS.)

I. The **Hours Worked** column is for reporting the total number of hours each employee worked during that particular period you are reporting, excluding overtime. A full month is 173 hours for employees paid on a monthly basis. Full-time for a biweekly payroll (26 payrolls in a year) is 80 hours for each two-week payroll. **It is important this column be adjusted monthly** as necessary, to report the actual number of hours each employee worked for proper retirement service credit to be assigned. (See 4.3 for rates and coding.) If you have hourly wage employees whose gross salary will vary each month in accordance with the number of hours in the payroll period, you may report the actual hours for full-time employees instead of 173 hours each month (i.e., 160, 168, 177, 184). When reporting hours on an online report, record hours without decimal points (i.e., 88 not 87.5).

J. **Enrollment is required for each new employee and should be submitted online.** An employee added to the payroll report must have the Social Security number listed. It is important for Social Security numbers to be typed accurately on all forms. If available, please send a copy of the member's Social Security card. NOTE: All OPERS retirees must participate in retirement, regardless of the status of employment or number of hours worked. Retirement participation must begin with the retiree's first day of employment. (For more information, see CHAPTER 19: POST-RETIREMENT EMPLOYMENT.)

K. Add any new employee who is eligible for membership in OPERS to the online report. All new eligible employees shall begin participating on the first day of the month following the month they start to work in an eligible position. For example, if Bill went to work as an eligible employee on April 1, he should be added to the payroll report for May 1 through May 31. If Susan went to work April 30 as an eligible employee, she should be added to the payroll report for May 1 through May 31. New employees who are already members of OPERS begin participating on the first day of employment, so it is very important to know if they have prior membership. Call OPERS to find out the status of a new employee, and ask if they participated in the 2.5% Step-Up (see section 14.7). If so, they are required to participate in the Step-Up program, even if they previously withdrew their retirement contributions or retired.

L. Add any **employees who have returned from a leave of absence** and include an *Employer's Report of Additions or Deletions to Monthly Payroll* (Form 515-102) with your report.

M. **The final report total for employee contributions and for employer contributions**, as shown on the online printout, is the figure to be carried forward on the *Certificate of Remittance* (Form 515-106) and *Payment Remittal* (Form 515-107). Explanations for reporting column totals are given in the instructions for completing the *Certificate of Remittance* and *Payment Remittal* forms.

Contact OPERS concerning any question or problem you have in preparing your monthly payroll report.

All personnel forms reflecting a change on your online report (i.e. new employees, terminations, changes, corrections, etc.) should accompany the payroll affected. Please note, changes due to retroactive pay raises, longevity payments, or salary not earned in the reporting month are not to be reported on the online report, but on an online supplemental report.

5.2 EMPLOYER CONTRIBUTIONS DEADLINE AND PENALTY

All participating employers must remit retirement contributions to OPERS monthly.

For Local Government and Non State Finance Employers all contributions are due on or before the 15th of the month following the month for which the contributions were payable.

Contributions paid more than 30 days from the due date are subject to a late charge of 3.0% of the unpaid balance.

5.3 MONTHLY REPORT AVAILABLE ELECTRONICALLY

OPERS provides an application online to help you prepare your monthly payroll and contribution. You can call Charles Bachle at (405) 858-6728 or 1-800-733-9008 with questions. Our data processing unit will prepare an online report specifically for your agency. You will initially enter the name, Social Security number, gross salary earned and number of hours worked for each employee. The program will calculate the correct employee and employer contributions for each member. You can print a hard copy of the report to retain for your records. You will return a copy to OPERS of the report along with a *Certificate of Remittance*, *Payment Remittal* forms, changed forms and deletions to the report forms. The online report will be available to you for your use the next month. Each month, you will only have to enter any changes to salary and hours or add new employees. If your agency changes the relative percentages of contributions paid by employee and employer, OPERS will prepare a new online report for your use. The system is available Monday-Friday 8:00 AM to 5:30 PM, excluding holidays.

OPERS also has available a procedure to submit your monthly payroll and contribution reports electronically which provides secure submission of the data using encryption technology. If your agency is interested in submitting your data using this method, please contact Charles Bachle for further information.

5.4 CERTIFICATE OF REMITTANCE (Form 515-106)

It is very important you fill in this form and submit it with the checks attached, along with a copy of the report. The form should reflect the same month as shown on your payroll report. The form is due in our office no later than the 15th day of each month. Remember, your report is incomplete without this form.

A. **Contributions Paid by Employees** - Fill in the amount of the contributions paid by your members on the first line. This will be the exact amount deducted from employees' payroll as shown on the total page of your payroll report.
B. **Contributions Paid by Employer** - Fill in the total amount paid by the employer. This should be the exact amount as shown on the total page.
C. **Total Remittance** - Please be certain you are remitting the correct amount by adding the contributions paid by employees and employer. The actual total of your checks must equal this amount. You will be notified of any variance in amounts you might have underpaid or overpaid.

D. **Signature of the Retirement Coordinator** - After entering your agency's name and number, please make certain the Retirement Coordinator or Alternate Retirement Coordinator signs the Certificate. The box in the lower left-hand corner is for OPERS use. Send the original with your payroll report and checks, and keep a copy for your records.

5.5 PAYMENT REMITTAL (Form 515-107)

It is very important you fill in this form and submit it with the *Certificate of Remittance* form along with the checks attached, and a copy of the online report. The form should reflect the same month as shown on your payroll report. The form is due in our office no later than the 15th day of each month. Remember your report is incomplete without this form.

A. **Contributions Paid by Employees** – Fill in the total amount paid by employee contributions.
B. **Contributions Paid by Employers** – Fill in the total amount paid by employer contributions.
C. **Additional Payments** – Fill in the amounts for other payments (Longevity, Shift Differential, One-Time Pay, Retro Pay Raises, Etc.)
D. **Installment Payments** – Include documents with name, Social Security number, and amount of installment payment.
E. **Invoice Payments** – Include Return Copy of Invoices
F. **Total Remittance** – Total amounts of all payments
G. **Signature of the Retirement Coordinator** – After entering your agency's name and number, please make certain the Retirement Coordinator or Alternate Retirement Coordinator signs the *Payment Remittal* form. Send the original with your reports, forms, and checks.

5.6 EMPLOYER'S REPORT OF ADDITIONS OR DELETIONS (Form 515-102)

Fill in Form 515-102 for each employee returning from leave, etc., at the time the employee is added back on the online report, and submit it with the report. A duplicate copy should be retained by the agency for its records. Use Form 515-160, *Change of Address* to make any correction in address, or Social Security number. This form is required in addition to the corrections made on the online report. (See SECTION 1.4: ACTIVE MEMBER NAME CHANGE for more information on how to update a member's name)

Please do not use the *Employer's Report of Additions or Deletions* (515-102) form to report retirees who are returning to work or terminating employment. The *Post-Retirement Employment Election* (515-117B) form should be used for that purpose.

CHAPTER 6: TERMINATION OF EMPLOYMENT & WITHDRAWAL OF CONTRIBUTIONS

6.1 INTRODUCTION

Participation in OPERS is mandatory for all eligible employees. A member may not withdraw the contributions paid to OPERS during employment with a participating agency. These funds are not available for loans or any other type of pre-termination distribution. Furthermore, a member who has already retired and is receiving a monthly retirement benefit cannot withdraw any contributions paid into OPERS. However, a member who terminates employment with a participating employer may, but is not required to, withdraw from OPERS the member's share of the accumulated contributions. A member who withdraws contributions loses all service credit, including prior service credit earned prior to the date of withdrawal and is no longer considered a member of OPERS. NOTE: An enrollment must be submitted to OPERS before a withdrawal can be completed.

6.2 LEAVING CONTRIBUTIONS WITH OPERS

A member who leaves his or her accumulated contributions with OPERS will retain OPERS membership. A member does not lose any service credit previously accrued and upon reemployment by a participating OPERS employer, the previously accrued service will be used to determine OPERS benefits. Furthermore, a member who withdraws contributions may find there are additional or different eligibility requirements for benefits if he or she becomes an OPERS member again. By leaving the contributions in OPERS, a member has greater certainty in their eligibility for benefits**.**

6.3 WITHDRAWING CONTRIBUTIONS

If a member terminates employment and wishes to withdraw his or her share of the accumulated contributions, the member can do so provided:

- The *Application for Withdrawal* (Form 515-118W) is completed by the Retirement Coordinator, the employee, and filed with OPERS as soon as possible after the employee's termination date; and,
- The member is not reemployed by any participating employer within four full calendar months subsequent to the month of termination.[1] **The *Application for Withdrawal* (Form 515-118W) must provide OPERS with a mailing address valid for at least six months from the date of termination**.

Only the employee share of retirement contributions may be withdrawn. The employer share of contributions is forfeited and remains in OPERS. OPERS will pay no accumulated interest on employee contributions withdrawn.

Additional consideration is given to those members who are eligible to vest at the time they wish to withdraw their accumulated contributions. In such a case, after receipt of the member's *Application for*

[1] There is a limited exception to the statutory four-month waiting period for members who are terminally ill and who provide certification from a physician.

Withdrawal (Form 515-118W) OPERS will contact the member who is eligible to vest. The member will receive:

- A letter which shows the member's creditable service;
- An offer showing the member the amount his or her monthly retirement benefit will be if a vested benefit is chosen; and,
- A *Selection of Vested Benefit* and *Designation of Withdrawal Distribution* form.

The member must choose to either withdraw his or her share of the accumulated contributions or elect a vested benefit. (See Election of a Vested Benefit, CHAPTER 10: RETIREMENT BENEFIT ELIGIBILITY.) The member must complete and return the form to OPERS indicating his or her choice. This form does not require the Retirement Coordinator's signature. A member who is eligible to vest and elects a vested benefit will be vested using the *Selection of Vested Benefit* and *Designation of Withdrawal Distribution* form. A member who is eligible to vest, but chooses **not** to elect a vested benefit, will not receive any monthly retirement benefits that might have been payable on that service credit.

6.4 WITHDRAWAL PAYMENTS AND ROLLOVERS

Upon receipt of the *Application for Withdrawal* form, OPERS will mail to the member a Withdrawal Letter designating the amount and the status as taxable and/or non-taxable of the member's contributions. The member will also receive a *Designation of Withdrawal Distribution* form and separate Rollover Application forms for taxable and non-taxable contributions. Additionally, information will be provided to the member regarding issues related to receiving such lump-sum payments including a Special Tax Notice.

OPERS is qualified as a 401(a) plan for IRS purposes. Although Federal law allows OPERS to roll over taxable contributions to a traditional IRA, a 403(b) plan, a 457 governmental deferred compensation plan, or another 401(a) qualified plan or 403(a) qualified annuity, not all of these plans will accept rollovers. Federal law allows the non-taxable contributions to be rolled over to a traditional IRA or to a qualified defined contribution plan that will separately account for the taxable and non-taxable portions and willing to accept non-taxable rollovers. **Accordingly, the member must check with the administrator of the plan(s) to which he or she wants to roll over the contributions to determine whether the plan will accept a rollover from OPERS.**

A member who has terminated employment and decides to withdraw contributions may elect to have OPERS:

- Pay the entire balance of the contributions directly to the member; or,
- Roll over the entire amount of the contributions to an eligible retirement plan, a traditional IRA, a Roth IRA or any combination of the three; or,
- Pay a portion directly to the member and roll over the balance to the rollover options listed above.

If any part of the taxable portion of the distribution is paid directly to the member, OPERS is required to withhold 20% for federal taxes and 5% state tax for Oklahoma residents. If the member elects to roll over the contributions to a traditional IRA, the taxation of the taxable amount is deferred until the

contributions are ultimately distributed. A rollover to a Roth IRA is taxable, but OPERS does not withhold the tax. Non-taxable contributions are not subject to federal and state income tax withholding.

Regardless of which option is selected, a member must complete and return to OPERS a *Designation of Withdrawal Distribution* form indicating his or her choice of distribution options. If a member elects to roll over all or a part of the distribution, a separate *Rollover Application for Taxable Funds* and *Rollover Application or Non-Taxable Funds* must be completed by the member and the receiving Plan or IRA and returned to OPERS. The election to roll over all or part of the distribution is limited to one receiving plan for taxable funds and one receiving plan for non-taxable funds.

A member who wishes to withdraw all of his or her share of accumulated contributions and who is not eligible to vest, can expect to receive payment during the fifth month after the month of termination if all appropriate paperwork has been completed in sufficient time to process the payment. A member who elects to receive a portion directly and roll over the balance of the funds will be paid on the same schedule, except no funds will be disbursed until all documents have been received by OPERS to allow for the disbursement of all of the member's accumulated contributions. **The member's receipt of payment will depend on timely receipt of all required forms and documents.**

A member who is eligible to vest cannot expect to receive payment of accumulated contributions until after 1) OPERS has informed the member of the retirement benefits the member is eligible to receive and 2) the member has declined the vested benefit in writing by returning the *Selection of Vested Benefit* and *Designation of Withdrawal Distribution* forms to OPERS.

6.5 CANCELLATION OF PAYMENT & RETURN TO EMPLOYMENT

If a member returns to employment with a participating employer before the four-month statutory waiting period has elapsed, he or she or the employer must notify OPERS and the withdrawal will be cancelled. If a member is reemployed within the four-month statutory waiting period and does not notify OPERS of the reemployment and receives a withdrawal payment, the employee shall repay the full amount of the withdrawal to OPERS. If the member is reemployed before the four-month statutory waiting period has expired, the member must begin participation on the first day he or she is reemployed. If a member receives a withdrawal payment after returning to employment, he or she must return the payment to OPERS immediately. This constitutes an "in-service contribution" and is prohibited by IRS regulations.

6.6 TAXATION OF WITHDRAWN BENEFITS

Employee contributions paid into OPERS after January 1, 1989, by state employees are taxable in the calendar year in which the contributions are withdrawn. Contributions paid in prior to January 1, 1989, are not taxable. Employee contributions paid after January 1, 1990, by local government employees whose employer participates in the contribution "pick-up" plan will be taxable in the calendar year in which the contributions are withdrawn. An employee who withdraws taxable contributions must have 20% federal tax and 5% state tax for Oklahoma residents withheld from the contributions paid to them by OPERS. Individuals who withdrew taxable contributions will receive an IRS Form 1099-R at the end of the calendar year. The IRS Form 1099-R will show the total amount and taxable amount distributed to the member and the amount withheld for state and federal taxes. Individuals who elected to roll over the contributions will also receive an IRS Form 1099-R for each type of rollover.

The receipt of a member's contributions may be subject to an early distribution penalty (currently 10%). The additional tax is imposed only in certain conditions and does have exceptions. Coordinators should always instruct members to consult a competent tax advisor about their individual tax liability.

6.7 WITHDRAWAL REPAYMENTS

A current member who previously withdrew his or her accumulated contributions and wishes to repay the amount of the withdrawal to reinstate service credit may repay the withdrawal either in one lump sum payment or through an installment payment plan. (See 9.5 Installment Payment Plan.)

A member must repay to OPERS the sum of the contributions withdrawn, plus interest at 10% per year. Upon written request, OPERS will calculate the total cost to repay and the payment options available. Withdrawn service may only be reinstated once. Subsequent withdrawals of the same service may not be repaid.

6.8 APPLICATION FOR WITHDRAWAL (FORM 515-118W)

If a member's employment terminates, the Retirement Coordinator should complete the employer section of the *Application for Withdrawal*. Ensure the information is accurate and in agreement with payroll information. The last date physically on the job must be completed and the form should bear your signature as Retirement Coordinator. If the member has "leave without pay" status at the termination of employment, please indicate the dates of leave without pay next to the last date on the job.

Be sure the employee understands the withdrawal payment will be paid no earlier than the month after the four-month waiting period. The employee's mailing address on the form must be an address applicable at the time the withdrawal payment will be issued. A change of this mailing address must be made in writing with the employee's signature.

CHAPTER 7: CREDITED SERVICE

Credited service is the sum of all prior and participating service. Prior and participating service (including unused sick leave and military service) are added together to determine the total number of years of credited service.

7.1 ROUNDING OF SERVICE CREDIT

Members who began participating in OPERS **before November 1, 2012**, and elected officials first elected or appointed **before November 1, 2011**, have total years and months of service credit in OPERS rounded to the nearest full year to determine total service credit when calculating retirement benefits. Six or more months of a fractional year are rounded up to the next full year, and fewer than six months are rounded down.

In 2012, the legislature eliminated the rounding of service credit for new members. Consequently, total credited service for members who begin participating in OPERS **on or after November 1, 2012**, and elected officials first elected or appointed **on or after November 1, 2011**, shall be based on actual years and months of credited service without rounding up or down.

7.2 PRIOR SERVICE

Prior service is the period of a member's employment with an eligible employer before the employer's entry date into OPERS, or for certain military service.

A. Prior service is granted ***free of charge*** to all eligible members only if their employer became a participating employer on or before January 1, 1975. Proof of such service must be verified in writing by the Retirement Coordinator of each participating employer from payroll and personnel records on file in their office.
B. If a member wishes to receive prior service credit for employment before his or her employer became a participating employer of OPERS and the employer joined OPERS after January 1, 1975, prior service credit must be ***purchased at actuarial cost***. If a member purchases this prior service, it is considered as full-time-equivalent employment for normal retirement eligibility, participating service for early retirement eligibility, and for eligibility to vest a member's retirement benefit.
C. Prior service credit will also be given to any member who was employed in an institution of higher learning by a State Board of Regents or was employed by an Oklahoma school district prior to July 1, 1943. Verification of such service should be obtained from the office of the State Department of Education or the office of the county school superintendent in which the service was performed.
D. Prior service credit for military service will be received for Merchant Marine service during the wartime period from December 7, 1941, through August 15, 1945. Credit is given only for the time actually served aboard ship and must be verified on a DD214 document obtained from the U.S. Veterans Administration. (For more information on Military Service see CHAPTER 8: MILITARY SERVICE CREDIT.)

E. Prior Service is also granted to current employees of the House of Representatives, the State Senate, or the Legislative Services Bureau for temporary employment for the full duration of a regular legislative session prior to the member's eligibility for membership in OPERS. Six months shall be granted for each full regular session if the member is currently employed by the House, the Senate or the Service Bureau and has worked six full sessions since January 1, 1983.

7.3 PARTICIPATING SERVICE

Participating service is a member's period of contributing employment after their employer's entry date into OPERS. Participating service credit will be granted for the period of employment for which the required employee and employer contributions have been paid in full, either by payroll deductions or by the employer on behalf of the member.

A. An approved leave of absence of two years or less may not constitute a break in service, but it shall not be counted as credited service. An employee who is not receiving pay and for whom contributions are not being paid is not accruing participating service.
B. Members **do not** accrue service credit for Workers' Compensation payments, but state employees can take advantage of the Temporary Total Disability purchase provisions explained in CHAPTER 9: REINSTATING, PURCHASING, AND TRANSFERRING SERVICE CREDIT.
C. No deductions in service credit or salary are made for approved involuntary furloughs. (OAC 530 § 10-15-48)

7.4 PART-TIME PARTICIPATING SERVICE

All part-time employment or periods of leave without pay are prorated in relation to full-time employment (173 hours per month; 2,076 hours per year or 80 hours per pay period; 2,080 hours per year for biweekly payrolls) for participating service accrued **July 1, 1979, and after.** Prior to July 1, 1979, a member will receive a full month's credit for each calendar month in which he or she received salary and for which retirement contributions were paid on that salary, regardless of the number of hours worked in that calendar month.

A member who accrues part-time participating service only accrues **prorated service credit**. For example, if James works half time, he accrues service credit half time. Therefore, James must work two years to gain one year of OPERS service credit.

7.5 UNUSED SICK LEAVE

A member who retires or terminates employment and elects a vested benefit is entitled to add months of unused sick leave. A maximum of six months of unused sick leave may be added to a member's service credit. If the unused sick leave results in adding an additional year of service, the employer must pay the cost of funding that year of service[1]. (See *CHAPTER* 12: FINAL RETIREMENT CERTIFICATION.)

OPERS members who joined the system **on or after November 1, 2012**, will be credited with actual years and months of service after any unused sick leave is applied. Service credit calculations for these members will not include rounding of fractional years and agency billing for unused sick leave will be based on actual months.

Hours of Unused Sick Leave	Months of OPERS Service Credit
0-159	0
160- 319	1
320-479	2
480-639	3
640-799	4
800-959	5
960+	6

Local government employers should immediately notify OPERS in writing of any change in the employer's sick leave policy. Formal changes can be made on the *Final Retirement Certification* form, which can be downloaded from the OPERS website.

7.6 BONUS YEARS OF PARTICIPATING SERVICE

Employee contributions required by OPERS and actually made by employees prior to June 30, 1977, will entitle the employee to additional years of participating service in accordance with the schedule to the right if said funds are not withdrawn upon termination of employment prior to retirement. In no event shall the employee be entitled to more than five additional years of participating service credit. If a member has lost bonus years through a withdrawal from OPERS, repayment of the withdrawal will reinstate the lost bonus years.

Contributions	Participating Service
$1 to $500	1 year
$500.01 to $1,000	2 years
$1,000.01 to $1500	3 years
$1,500.01 to $2,000	4 years
$2,000.01 +	5 years

7.7 FULL-TIME-EQUIVALENT EMPLOYMENT

Those who became members of OPERS after January 1, 1983, must have at least six complete years of full-time-equivalent employment to be eligible to retire.

Full-time-equivalent employment refers to a member's (1) ***actual employment*** (2) ***with a participating employer of the Oklahoma Public Employees Retirement System***. A member obtains full-time-equivalent employment in two ways. The first way is obvious: working for a participating employer. Each hour for which retirement contributions are paid, credits the member with one hour of full-time-equivalent employment. Therefore, if retirement contributions were paid for 173 hours, the member would accrue one month of full-time-equivalent employment. The second way to obtain full-time-

[1] For OPERS members who joined the system **before November 1, 2012**, if the addition of the member's unused sick leave causes the total credited service to equal or exceed a fractional year of six months, service is rounded up to the next higher year and the member gains a year of service credit.

equivalent employment is by making certain types of service credit purchases. However, the only types of purchases which constitute full-time-equivalent employment are those which represent (1) ***actual employment*** (2) ***with a participating employer of the Oklahoma Public Employees Retirement System.***

Service granted free of charge is not full-time-equivalent employment because it is service granted to a member without employee contributions (e.g. certain prior service, unused sick leave) or it is service which was not accrued with a participating employer of OPERS (e.g. military service). The chart below shows which types of ***purchased*** service credit constitute full-time-equivalent employment and which types of service do not.

Full-time-equivalent Employment	Not Full-time-equivalent Employment
• Purchased Prior Service • Repayment of Withdrawn Contributions • Purchase of Elected Service • Purchased Temporary Total Disability • Purchases Made Pursuant to USERRA • Delinquent Service Paid by the Employer	• Prior Service Granted Free of Charge • Military Service Granted Free of Charge • Purchased Service with Another State Retirement System • Unused Sick Leave • Transported Service • Termination Credit • Bonus Years • Purchase of Incentive Credit

CHAPTER 8: MILITARY SERVICE CREDIT

8.1 CREDITING MILITARY SERVICE

Active members of OPERS who served in the Armed Forces of the United States and received an honorable discharge are eligible for up to five years of service credit for specified periods of active military service during which they were a war veteran. The credit is limited to specific periods of active military service listed in paragraph 23 of Section 902 of Title 74 of the Oklahoma Statutes, which includes the following:[1]

45th Division	September 16, 1940 – December 7, 1941
World War II	December 7, 1941 – December 31, 1946
Korean War	June 27, 1950 – January 31, 1955
Vietnam War	February 28, 1961 – May 7, 1975 (For the period from February 28, 1961 – August 4, 1964, service must be in the Republic of Vietnam)
Gulf War/Persian Gulf War/ Operation Desert Storm	August 1, 1990 – December 31, 1991

Other qualifying periods of military service include wars or military operations which lasted for 90 days or more and are authorized by Congressional authorization or resolution or Presidential Executive Order. Qualifying service is only for the period served in the designated area of responsibility and excludes active duty for training only. Such wars or military operations include, but are not limited to, the following:*

The former Yugoslavia (including Bosnia, Herzegovina, Croatia and Macedonia) *By Public Law 104-117*	Beginning November 21, 1995 Ending date to be determined
The Kosovo Area *By Executive Order 13119 and Public Law 106-21*	Beginning March 24, 1999 Ending date to be determined
Afghanistan/Operation Enduring Freedom *By Executive Order 13239 and Public Law 107-40*	Beginning September 18, 2001 Ending date to be determined
Iraq War/Second Gulf War/Operation Iraqi Freedom *By Public Law 107-243*	Beginning March 10, 2003 Ending date to be determined

[1] The list is for convenience only. The official periods for which military service is granted is found in Section 902(23) of Title 74 of the Oklahoma Statutes.

The member will need to submit an "Application for Military Service" and a Defense Department Form 214 ("DD214") and other military documents showing active duty dates and honorable discharge to be eligible for credit.

Eligible military service is free for members joining OPERS prior to July 1, 2000. Members joining OPERS after June 30, 2000, may purchase eligible military service at actuarial cost.

Employees joining OPERS after June 30, 2003, will not receive credit for military service in OPERS if the credit was already received for the same period(s) of military service in another Oklahoma state retirement system.

The actual periods for which military service can be granted are governed by Oklahoma State statute and can change from time to time. Consult the statutes and OPERS before relying on the above information.

Visit **http://archives.gov/veterans/military-service-records** to obtain military records.

8.2 USERRA (Uniformed Services Employment & Reemployment Rights Act)

An employee who is absent from work due to voluntary or involuntary "uniformed" service can take advantage of the right, created under the Uniformed Services Employment and Reemployment Rights Act (USERRA), to buy back service credit lost during the absence.

USERRA requires the participating employer to notify OPERS in writing within 30 days after the reemployment of a member asserting rights under USERRA.

A. Eligibility Under USERRA

A member is required to provide proof of compliance with each of the following requirements to assert rights under USERRA and the participating employer must confirm in writing the member:

1. Held a civilian job with a participating employer before the leave;
2. Provided notice of leave to serve in the uniformed services to the employer;
3. No more than five years of cumulative uniformed service leave while working for the participating employer (with some limited exceptions);
4. Received a release from service under "honorable conditions";
5. Returned to a civilian job covered under OPERS in a timely manner. The term "timely manner" means:

    - For uniformed service of up to 30 days, a member must report back on the first regular work day after discharge, plus travel and rest time of at least eight hours, or as soon as reasonably possible thereafter;
    - For uniformed service of 31 to 180 days, a member must report back or reapply within 14 days after discharge or as soon as possible thereafter;

- For uniformed service of 181 days or more, a member must report back or reapply within 90 days; or,
- These deadlines can be extended for illness, accidents, hospitalization, etc.

B. Types of Service

USERRA applies to all types of uniformed service including voluntary and involuntary service during peacetime or wartime and active or inactive duty for training.

C. Payment of Retirement Contributions

1. **Members -** To receive service credit for uniformed services leave, a member must pay the contributions (without interest) that would have been made if the member had been continuously participating in OPERS. The contributions must be made in a lump sum. There is no installment plan available to those asserting their rights under USERRA. If what the returning member would have earned is not readily ascertainable, the computation will be based upon the member's earnings during the last year of employment prior to the uniformed service.
2. **Participating Employers -** The participating employer must pay the required contributions (without interest) that would have been made if the member had been continuously participating. The cost should be allocated to the last employer who employed the member prior to the uniformed service.
3. **Time of Repayment -** The member has an extended period to: 1) have made a request for service credit; and, 2) repay the missed contributions. The extended period starts on the date of reemployment and continues for a period equal to three times the period of uniformed service. However, the extended period cannot exceed five years.

A member who withdrew contributions upon entering uniformed service must re-establish the former membership by repaying the amount of the withdrawal under normal plan requirements before any rights under USERRA can be asserted.

CHAPTER 9: REINSTATING, PURCHASING, AND TRANSPORTING SERVICE CREDIT

9.1 REINSTATEMENT OF WITHDRAWN SERVICE

A former member who has withdrawn contributions may restore service credit lost due to the withdrawal. The former member must meet the eligibility requirements for membership and, on becoming a member of OPERS again, pay the sum of the accumulated contributions withdrawn plus interest at 10% percent per year. If payment is made prior to one year from date of withdrawal, no interest is charged. This reimbursement will entitle the member to the service credit as if there had never been a withdrawal of contributions.

Reinstatement of the same service may be made one time only. Any further withdrawals cannot be repaid.

Please encourage employees who wish to reinstate service to write OPERS, furnishing the name of their employer and dates of service affected by the withdrawal. OPERS will determine eligibility, calculate the amount of reimbursement required, and inform the employee of the amount owed. The employee's payment to OPERS may be made in a lump sum, a payroll deduction for up to 60 months, or through a plan-to-plan transfer or rollover of pre-tax contributions from an eligible plan.

9.2 PURCHASE OF SERVICE CREDIT

Federal Limits on the Purchase of Service Credit

Members should use caution if their retirement planning involves the purchase of any type of retirement credit. Federal law may limit a member's ability to complete the purchase of retirement credit during one calendar year. However, the purchase may still be made even if the purchase price exceeds the federal dollar limit if the purchase of service does not cause the member's benefit amount, including the purchased service, to exceed the IRC 415(b) allowed benefit amount. For more information, see CHAPTER 14, SECTION 6: LIMITATIONS ON RETIREMENT BENEFITS.

If the cost to purchase retirement credit exceeds the federal limit, a member must complete his or her purchase of the credit under the limit set for the next calendar year or alter the amount of credit purchased. In some cases, the federal limits may prohibit the purchase entirely. Members should contact OPERS to determine how the federal limits apply to their purchase of retirement credit.

Methods to Purchase Service:

A. One-time, lump-sum payment with post-tax dollars; or

B. Post-tax payments through payroll deduction for up to 60 months (includes 7.5% interest); or

C. Plan-to-plan transfer of pre-tax funds; or

D. Incoming rollover of pre-tax funds; or

E. Combination of any of the above.

Types of Service Purchase:

A. **Purchase of Service Credit from Other Oklahoma State Retirement Systems**

A member may receive service credit for years of credited service accumulated by the member while a member of the following retirement systems:

- Oklahoma Firefighters Pension and Retirement System;
- Oklahoma Police Pension and Retirement System;
- Oklahoma Law Enforcement Retirement System;
- Oklahoma Teachers Retirement System; or
- Uniform Retirement System for Justices and Judges.

However, the purchase of this service is only permissible if the member is not receiving, or eligible to receive, retirement credit or benefits for the service in any other public retirement system. The cost to purchase the service shall be the actuarial cost to fund the difference between the members' projected benefits with and without the additional service credit.

A member who wishes to purchase this service must submit to OPERS written documentation from one of the systems listed above. The documentation must include: dates of membership, salary for each year of membership broken down by fiscal year, and a statement that he or she is no longer eligible for benefits from that system. This is not a direct transfer, but a purchase of service credit.

B. **Purchase of Prior Service**

Members who were employed by an agency that entered OPERS after January 1, 1975, are not eligible for free prior service credit for their employment with the agency prior to its entry into OPERS. However, members can now purchase prior service credit for their employment with such an agency from January 1, 1975, until the agency's entry into OPERS. The cost for the purchase will be the actuarial cost. The member and the Retirement Coordinator for the agency must complete and submit an *Application for Purchase of Prior Service* (Form 515-144) to OPERS. The member will be contacted directly by OPERS about the cost.

C. **Purchase of Incentive Credit**

Active, participating members of OPERS may purchase up to two years of "age" or participating service. The cost of purchasing such age or service will be the actuarially determined cost of projected incremental increase in benefits as a result of the additional age and/or service.

To purchase incentive age or service, a member must be:

- Eligible for normal or early retirement; or
- Within two points of reaching normal retirement eligibility; or
- Within two years of reaching early retirement eligibility; or,
- A non-elected OPERS retiree who has returned to work.

Members must have at least four years of the required six years of full-time-equivalent employment to be eligible for this purchase and must accrue six years of full-time-equivalent employment prior to retirement.

Elected officials who are first elected or appointed to elected office **before November 1, 2011**, may only purchase this age or service toward the attainment of 80 points.

Elected officials who are first elected or appointed to elected office **on or after November 1, 2011**, may purchase up to two years of incentive age or service credit if they are within two years of reaching normal or early retirement eligibility.

Hazardous duty members may purchase incentive credit to qualify for the Rule of 80 or 90 or for early retirement, but not for the twenty-year service requirement as a hazardous duty member. Incentive credit may not be purchased to attain eligibility for Disability Retirement.

Retirees who return to work and waive receipt of their retirement benefits may purchase incentive age or service if they have not previously purchased incentive credit. Any incentive service purchased by a retiree who has returned to work does not count toward the 36 months of full-time-equivalent post- retirement employment required for re-retirement.

OPERS will provide employees with information about an incentive credit purchase upon written request. Caution employees if their retirement planning involves the purchase of incentive credit. The following are some things all members need to keep in mind.

The purchase of incentive credit is irrevocable. For example, Sarah became a member of OPERS prior to November 1, 2011, and is eligible to retire at age 62. At age 60, she purchases two years of incentive age credit to become eligible for normal retirement as if she were age 62. After Sarah makes the purchase, her circumstances change and she decides to continue working until she is actually age 62. Sarah's former purchase of incentive age is not helping her become eligible to retire because she has actually worked until age 62. Sarah's purchase was irrevocable, so OPERS cannot refund the amount she paid for incentive age credit.

The more specific a member is about the amount of age and/or service he or she wants to buy, the more accurately and timely OPERS can be when estimating the purchase price.

Federal law could place limits on the amount of incentive credit purchased. If a member's purchase price exceeds the calendar year limit, he or she may have to spread payments over additional years to make the purchase. Those who are interested in purchasing incentive credit should not only inquire about the purchase price but also the federal limit on purchases.

D. **Purchase of OESC Service**

A member may purchase OPERS service credit for any years of employment the member had with the Oklahoma Employment Security Commission (OESC) if the member is not receiving or eligible to receive service credit for that employment with any other public retirement system.

A member who is interested in purchasing such employment must submit written verification of the dates of employment and the salary earned during each fiscal year. The verification must be obtained from the Retirement Coordinator of OESC and submitted to OPERS. OPERS will notify the member of the cost to buy the service credit.

E. **Purchase of Elected Service**

A member who is currently a non-elected member may purchase OPERS service credit for previous service as an elected official if the member is not receiving or eligible to receive retirement credit for said service with any other public retirement system. The cost to purchase such service shall be the actuarial cost to fund the difference between the member's projected benefits with and without the additional service credit. Interested members should contact OPERS in writing and state the elected official rate they wish to pay. (See 27.2 CONTRIBUTIONS.) The rate chosen may determine the benefits paid on each year of elected service.

F. **Temporary Total Disability**

Members who are state employees may purchase participating service for the time when they received temporary total disability benefits. However, this participating service can only be given for an absence from work due to a work-related injury or illness incurred while engaged in a governmental function for a said participating employer pursuant to the Worker's Compensation Act and subject to the following requirements:

1. The member was employed by the participating employer immediately prior to and during the period of absence;
2. The member must notify OPERS in writing not later than **four months** after the member's return to his or her job duties with the participating employer, or termination of employment with the participating employer, or termination of the temporary total disability benefits, **whichever is earlier**, of the member's desire to receive participating service credit for the period of absence;
3. The participating employer must certify to OPERS in writing the date during which temporary total disability benefits payments were paid to the member; and,

4. The member and the participating employer shall each pay their respective contributions required for the period of absence without interest within 60 days of invoicing by OPERS, or with interest of 7.5% compounded annually if paid after said 60 days.

Please note, a member may only purchase participating service under this provision for time spent on temporary total disability after July 1, 1997. Only **entire** periods of absence on temporary total disability can be purchased. The member may **not** purchase only a portion of a temporary total disability absence. Retirement Coordinators should contact OPERS on how to complete the sections pertaining to hours and salary.

If you have an employee who must be off work due to a work-related injury, it is critical you inform him or her right away (certified mail is recommended) of his or her right to make this purchase. To make this purchase, he or she has to inform OPERS within four months of the earliest of these three events:

1. **The date they return to work;**
2. **The date their employment ends; or,**
3. **The date of termination of temporary total disability (TTD) benefits.**

9.3 REDUCTION-IN-FORCE (RIF)

Retirement Coordinators are responsible for contacting OPERS in the event their state agency or entity conducts an approved reduction-in-force. OPERS must be notified in writing of the reduction-in-force and will request a list of affected members. The list should include the member's name, Social Security number, and the amount of unused sick leave the member has accumulated. Once notified, OPERS will then assist the participating employer with retirement-related information. Retirement Coordinators may also want to notify other employee benefit agencies of the reduction-in-force.

Purchase of Termination Credit

Certain members subject to a reduction-in-force are eligible to purchase termination credit. A general description of the purchase of termination credit is given below.

Members who are within six points of achieving eligibility for normal retirement under the 80/90 point provisions or who are within three years of achieving eligibility for normal retirement are eligible to purchase termination credit if they are subject to a reduction-in-force. Members must also have at least six years of full-time-equivalent employment with a participating employer to be eligible to purchase termination credit.

The purchase of termination credit generally allows for certain eligible OPERS members who are within three years of normal retirement or six years of 80/90 points to preserve the same normal retirement date as he or she would have had if the member's position had not been terminated by a reduction-in-force. In other words, termination credit allows a member to "constructively" participate as if still employed by a participating OPERS employer until reaching eligibility for normal retirement.

The purchase of termination credit represents the amount of service that would have accrued through the member's normal retirement date. The cost to purchase termination credit will be an amount equal to the employee and employer contributions that would have been paid to OPERS through the member's normal retirement date. Termination credit cannot be purchased in conjunction with incentive age or service.

9.4 INVOLUNTARY FURLOUGH

Furlough refers to an involuntary, temporary reduction of work hours or the placement of an employee on involuntary leave without pay. It is the employer's responsibility to provide to OPERS a copy of the approved furlough plan.

Normally, leaves of absence do not count toward a member's retirement credit. Approved involuntary furlough plans are the exception. For retirement purposes, mandatory involuntary furloughs are not treated as leave without pay. Members receive service credit on involuntary furlough periods.

Although a member is not being compensated by their employer during periods of an involuntary furlough, the final average compensation calculation for OPERS benefits is not adversely impacted. For retirement purposes, it is as if the member was still on the job in terms of service accumulation and compensation in the calculation of retirement benefits. OPERS accepts the liability of the lost employee and employer contributions on furlough periods. Neither the member nor the employer are responsible for the lost retirement contributions on furlough periods.

9.5 TRANSPORTING SERVICE FROM THE OKLAHOMA TEACHERS RETIREMENT SYSTEM

OPERS members have an alternative to purchasing service credit for service accrued with the Oklahoma Teachers Retirement System (OTRS). Members can transport service accrued with OTRS in one of two methods.

METHOD 1: Portable Service

An active OPERS member who is a member of the Teachers Retirement System of Oklahoma (OTRS), and whose last service with OTRS was with one of the entities listed to the right may transport OTRS service to OPERS without additional cost to the member provided the member has not previously withdrawn contributions for said service in OTRS. A member who transports service credit from OTRS to OPERS will receive credit for the transported service immediately upon payment from OTRS of the funds required to transport the service.

- The Oklahoma State System of Higher Education
- State Board of Education
- State Board of Vocational & Technical Education
- Oklahoma Department of Vocational & Technical Education
- Oklahoma School of Science & Mathematics
- Oklahoma Center for the Advancement of Science & Technology
- State Department of Rehabilitation Services
- Oklahoma State Regents for Higher Education
- Department of Corrections
- State Department of Education
- Oklahoma Board of Private Vocational Schools
- Board of Regents of the Oklahoma Colleges
- Oklahoma Student Loan Authority
- Teachers Retirement System of Oklahoma

METHOD 2: Transported Service

Members who are not eligible to transport OTRS service under Method 1 may apply Method 2. Under Method 2 the member may either:

- Pay any difference between the amount of funds provided by OTRS and the cost of the service in OPERS (at actuarial cost) to receive full credit for the years sought to be transported; or,
- Receive prorated service credit for only the amount of service that could be purchased with the funds provided by OTRS. Any service credit not transported will be irrevocably canceled and cannot be reinstated, transported or purchased at a later date.

More about transporting service

Certain active OTRS members have similar provisions for the transport of OPERS service. Those who repay withdrawn OPERS contributions for the sole purpose of transporting OPERS service to OTRS can only use Method 2.

If the transporting member's normal retirement date calculation is based upon the sum of the member's age and number of years of credited service totaling 80 in OTRS, then the member shall retain 80 point eligibility in OPERS under either the Method 1 or 2 transport.

Members who transport pursuant to Methods 1 or 2 will have all OTRS service credit cancelled.

9.6 INSTALLMENT PAYMENT PLAN

Members, through an installment payment plan, may make different categories of purchases.[1] The categories are as follows:

A. All purchases of service at actuarial cost including, but not limited to, eligible service from another state retirement system and incentive credit.
B. Current members who, as former members, withdrew their accumulated contributions and now wish to repay the amount of the withdrawal to reinstate service credit can repay the withdrawal either in one lump sum payment or through the installment payment plan.
C. Elected officials who are currently contributing to OPERS but did not elect to participate during previous elected service may purchase the previous elected service by making a lump sum payment or through the installment payment plan.
D. Current contributing elected officials who previously contributed on their elected service at a lower elected contribution rate prior to Dec. 1, 1999, may also pay the difference in rates and interest charges through the installment payment plan.

[1] Participating employers cannot use the installment payment plan to repay delinquent service.

Rules Governing Installment Payment Plans

A. Installment payment plans must be made only through a payroll deduction for a maximum time period of 60 months and will include interest at an annual percentage rate of 7.5%. The member's employer may establish a payment schedule allowing the member to make monthly payments through payroll deductions if the employer agrees to make the deductions and remit payments to OPERS. Payments remitted by an employer for its employees must be kept separate from the employer's regular retirement contributions or any other payments to OPERS including deferred compensation. Such payments do not qualify as "pretax" contributions under the employer "Pick-Up" Provisions of § 414(h) of the Internal Revenue Code.
B. The minimum total monthly installment payment plan amount is $25. The member is responsible for maintaining the payment schedule. The payment due date will be based on the payroll schedule set by the member's employer. An installment not paid within 60 days of the due date will result in termination of the installment payment schedule with the member given the option of paying the balance of the actuarial cost or receiving partial credit for payments made under the installment schedule as provided for in paragraph D of this section.
C. The monthly payment will be determined by amortizing the total amount due for the service to be purchased over the period of the installment schedule using an interest rate equal to the actuarially assumed interest rate adopted by the Board of Trustees for investment earnings for the year in which the payment schedule is commenced.
D. If the installment payment is terminated for any reason, including termination of employment, death of the member or by cessation of payments, the member or his beneficiary will have the option of paying the remaining balance within six months. If the balance is not paid, the member will receive credit for service prorated for only the principal amount paid and rounded to the last full paid month. No refunds will be paid to the member.
E. Credit for service purchased on an installment schedule will not be added to the member's account until the entire balance is paid, except as provided for in paragraph D of this section. All payments must be completed in the month prior to the effective retirement date of the member. If any member or beneficiary elects to pay the balance during the six month period provided for in paragraph D of this section, no benefits will be payable until the completion of said six month period, or receipt of a signed waiver. In no event will retroactive benefit payments be made, and the effective retirement date will be adjusted to the first day of the month following the completion of payments or receipt of waiver.
F. Payments may be made directly to the System by the member or beneficiary if the member is in an unpaid leave status, if the payroll is not sufficient to handle the entire payment, or during the six- month period referred to in paragraph D of this section.
G. If the terminated payment plan was elected by a member who was paying the required contributions and interest on compensation in excess of $25,000 for service prior to July 1, 1994, no partial refunds will be made. All such contributions will be returned to the member or beneficiary and compensation prior to July 1, 1994, shall be limited to $25,000.
H. Except as provided in paragraph I of this section, if the purchase is terminated for any reason, the purchase cannot be made at any time in the future, following the six-month option referred to in paragraph D. By failing to complete this purchase, the member or beneficiary forfeits the right to the purchase at any other time.

I. If the installment payment for the repayment of a previous withdrawal is terminated for any reason, the member, upon returning to employment and meeting the eligibility requirements for membership, may pay the remaining principal balance plus interest at any time prior to the month of the effective retirement date in a one-time lump sum amount. The total due shall be calculated from the date of the last received installment payment.

9.7 ACTUARIAL PURCHASE PRICE

In the past, purchases of service credit generally required only payment of contributions plus interest. This payment did not truly represent the cost to OPERS of providing benefits for the additional service. The Oklahoma Legislature recognized this as an increased liability to OPERS and, effective July 1, 1990, based most purchases and payments on the actuarial cost of the incremental projected benefits to be purchased.

The actuarial purchase price is designed to represent the present value of the incremental projected or future benefit discounted based upon the member's age at the time of purchase. A major factor in the determination of the incremental benefit is the difference between the amount of the future benefit the member would receive without the purchased credit and the amount of the future benefit after purchase, computed as of the earliest age the member would be eligible to retire with full benefits.

Actuarial cost more closely represents the actual cost to OPERS and of the additional credit, and as such, assists in maintaining a financially sound retirement plan for all of us. Actuarial cost has no relationship to contributions that would have been paid. The purchase price takes into account the past loss of the use of those funds for investment purposes and the length of time the funds will be available for investment in the future before OPERS begins to pay benefits to the member. As a general rule, the earlier a purchase is made, the less the cost. The actuarial cost for a younger member with fewer years of service credit will not be as high as a member who is nearer to retirement, since OPERS will have investment use of those funds for a greater amount of time before being required to pay benefits.

CHAPTER 10: RETIREMENT BENEFIT ELIGIBILITY

OPERS provides for three types of retirement benefits:

A. Normal
B. Early
C. Disability

In all three situations, the member must:

- Provide the proper notice;
- Terminate employment; and,
- Have at least six years of full-time-equivalent employment if he or she became a member on or after January 1, 1983.

The member may not change the selections of the following on or after their retirement date:

- Type of retirement (normal, early, disability);
- Type of benefit (Maximum, Option A, Option B or Option C); or,
- Joint-annuitant under Option A or Option B (See Chapter 13).

10.1 NORMAL RETIREMENT

Members become eligible for full, unreduced (normal) retirement benefits by meeting certain age and service requirements depending on when membership in OPERS began.

A. For members who initially joined OPERS **before November 1, 2011:**

- **Age 62** – When the member reaches at least age 62 with six full years of full-time-equivalent employment[1]; or
- **80 Points** – When the sum of the member's age and years of service equals 80 and membership began before July 1, 1992[2]; or
- **90 Points** – When the sum of the member's age and years of service equals 90 and membership began after June 30, 1992.

B. For members who initially joined OPERS **on or after November 1, 2011:**

- **Age 65** – When the member reaches at least age 65 with six full years of full-time-equivalent employment[6]; or
- **90 Points** – When the member is at least 60 years of age and the sum of age and years of service equals 90.

[1] In this scenario, a member only needs six full years of full-time-equivalent employment **and** must be actively employed with a participating OPERS employer at the applicable age to become eligible for normal retirement.
[2] Members who were continuously employed by an entity or institution with the Oklahoma State System of Higher Education prior to July 1, 1992, who, within 30 days of termination, become employed with an OPERS participating employer are eligible to retire when their age plus service equals the number 80. Contact OPERS for more information.

10.2 EARLY RETIREMENT

Members become eligible for permanently reduced (early) retirement benefits by meeting certain age and service requirements also depending on when membership in OPERS began:

A. For members who initially joined OPERS **before November 1, 2011:**

- **Ages 55 to 62** – The first day of the month coinciding with or following the member's **55th** birthday or any subsequent month up to **age 62** provided the member has at least 10 years of participating service.

B. Members who initially joined OPERS **on or after November 1, 2011:**

- **Ages 60 to 65** – The first day of the month coinciding with or following the member's **60th** birthday or any subsequent month up to **age 65** provided the member has at least 10 years of participating service.

Keep in mind, bonus years, unused sick leave, transported service from the Oklahoma Teachers Retirement System, purchases for service accrued in another state retirement system, or OESC employment also counts toward the 10 years of participating service required for early retirement, but military service does not. However, if membership began January 1, 1983, or after, at least six full years of the total service credit must be full-time-equivalent employment with a participating employer of OPERS.

Any member who retires before the normal retirement date shall receive an annual retirement benefit reduced in accordance with Table 1, titled *EARLY RETIREMENT REDUCTION FACTORS*. The reduction required is based on the member's age in years and months on the actual date retirement benefits are to begin.

10.3 DISABILITY RETIREMENT

A member who must terminate participation in OPERS due to health problems may be entitled to monthly disability retirement benefits if each of the following conditions is met:

A. The member qualifies for payment of disability benefits as certified by the Social Security Administration or the Railroad Retirement Board provided the date of disability established by the Social Security Administration falls within one year of the employee's last date physically on the job with a participating employer and the disability is a result of an injury or illness which occurred while the employee was physically on the job. The employee must have been an active regularly scheduled employee with a participating employer at the time of disability; and,
B. The member has **eight years of participating service** (with at least six full years of full-time-equivalent employment with a participating employer).
C. The member has terminated his or her employment or participation in OPERS and has not retired with OPERS. A member who has already retired cannot change his or her type of retirement from early retirement or normal retirement to disability retirement, except for the following:

   <u>EFFECTIVE JANUARY 1, 2004</u>, and after, an OPERS member who has retired under early retirement provisions, and who becomes qualified for a disability benefit under OPERS plan provisions with a disability date on or after July 1, 1999, can apply to receive disability benefits in lieu of the early retirement benefits.

The only documents OPERS accepts as proof of disability are a copy of the complete Award Letter from the Social Security Administration of Baltimore, Maryland, or Regional Program Center or the member's Railroad Retirement Board Award Notice.

There is no age requirement for receipt of disability retirement benefits and the benefit amount is not reduced by the early retirement reduction factors. Members who retire under disability benefits may elect Option A in lieu of the Maximum. If the member chooses Option A, reduced benefits will be paid to the member for life and then one-half of the amount the member was receiving will be paid to the member's designated joint-annuitant for life. The Option A reduction factors for disability benefits will typically be lower than the normal Option A reduction factors found in Table 2. A member wishing to retire under Disability Retirement will be notified of the reduction under Option A before benefits are to begin. If the member is receiving State Disability Insurance payments, the benefit paid by Disability Insurance may be offset by the amount of the benefits paid by OPERS and by the Social Security Administration. For more information about insurance benefits, contact the Employees Group Insurance Division (EGID) of the Office of Management and Enterprise Services, formerly known as the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB).

Application for Disability Benefits (Form 515-127)

If the employee meets these requirements, upon receipt of the Social Security Award Letter issued by the Baltimore, Maryland office or the appropriate Regional Program Center, the employee should immediately forward a complete (all pages) copy to OPERS or the Retirement Coordinator. Upon receipt of the Social Security Award Certificate, OPERS will send an *Application for Disability Benefits* (Form 515-127) to the employee to complete and return to OPERS. OPERS will then send the forms to the employer for the Retirement Coordinator to complete. The *Application for Disability Benefits* (Form 515-127) must be signed by the Retirement Coordinator verifying:

A. The last date the employee received compensation for which retirement contributions were paid (excluding longevity pay);
B. The last day the employee was physically on the job;
C. The employee's number of hours of unused sick leave; and,
D. The employee's date of resignation.

The member may not receive disability benefits for any month for which the member received pay from the employer on the regular payroll (excluding longevity payments). The completed application should be forwarded to OPERS for processing. The member should notify the Employees Group Insurance Division (EGID) of the Office of Management and Enterprise Services of his or her disability retirement, and ask for information regarding the continuation of group insurance benefits.

10.4 ELECTION OF A VESTED BENEFIT

When an active member terminates employment with a participating employer, he or she may:

A. Retire under early or normal retirement, if eligible;
B. Withdraw the employee share of accumulated contributions; or
C. Elect the right to receive a retirement benefit at a later date when becoming eligible for early or normal retirement.

The phrase "electing a vested benefit" refers to when a member acquires a future interest in a retirement benefit. To elect a vested benefit, a member must complete at least eight years of credited service, six full years of which must be full-time-equivalent employment with a participating employer.

If a member chooses the right to a retirement benefit in lieu of withdrawing the employee share of accumulated contributions, then he or she has "elected a vested benefit."

Application for Vested Benefits (Form 515-118VB)

OPERS will provide an *Application for Vested Benefits* (Form 515-118VB) upon request.

Part I must be completed, signed, and dated by the member. The address listed should be accurate for five months from the time the member terminates employment. This is the address OPERS will use to contact the member concerning the date and amount of future retirement benefits.

Part II is to be completed by the employer verifying the member's last date on the payroll, the last date physically on the job, and the member's number of hours of unused sick leave. Part II must be signed and dated by the Retirement Coordinator.

CHAPTER 11: RETIREMENT NOTICE AND APPLICATION

Form 515-117 for State and Local Government Employees
Form 515-117HD for Hazardous Duty Members
Form 515-117E for Elected Officials

11.1 INTRODUCTION

The *Retirement Notice and Application* is essential to retire under OPERS and begin receiving retirement benefits. A member obtains the *Retirement Notice and Application* from his or her Retirement Coordinator, and does not have to travel to the OPERS office to initiate or complete the retirement process.

A *RETIREMENT NOTICE AND APPLICATION* MUST BE RECEIVED IN THE OPERS OFFICE 60 CALENDAR DAYS PRIOR TO THE MEMBER'S RETIREMENT DATE.[1]

All retirement dates are the first day of a given month.

Retirement Date	Last Date to Submit Notice
September 1, 2013	July 3, 2013
October 1, 2013	August 2, 2013
November 1, 2013	September 3, 2013
December 1, 2013	October 2, 2013
January 1, 2014	November 4, 2013
February 1, 2014	December 3, 2013
March 1, 2014	December 31, 2013
April 1, 2014	January 31, 2014
May 1, 2014	March 3, 2014
June 1, 2014	April 2, 2014
July 1, 2014	May 2, 2014
August 1, 2014	June 2, 2014
September 1, 2014	July 3, 2014
October 1, 2014	August 4, 2014
November 1, 2014	September 2, 2014
December 1, 2014	October 2, 2014
January 1, 2015	TBD
February 1, 2015	TBD

A member who wishes to change the retirement date, type of benefit, or joint-annuitant after the *Retirement Notice and Application* has been submitted to OPERS (but before the member's effective retirement date), must complete and submit a new *Retirement Notice and Application*. OPERS no longer accepts letters to change the existing retirement date, types of benefits, or joint-annuitants. The retirement date, type of benefit, and the joint-annuitant cannot be changed by the member for any reason on or after the effective retirement date.

[1] The only exception to the 60-day notice requirement is for previously vested members, or in the case of a waiver, as described in 11.2.

11.2 WAIVER OF THE 60-DAY NOTIFICATION REQUIREMENT

Members who do not have 60 days before their employment ends in which to notify OPERS of their intention to retire may either 1) seek to have the Executive Director waive the 60-day notice, or 2) elect a vested benefit at the time their employment terminates and then give notice to OPERS of their intention to retire. Any member seeking a waiver of the 60-day notice requirement must show good cause. Good cause is generally shown in cases of an unforeseen hardship, such as, illness of the member or the member's family, a reduction in force, or layoff of employment. Good cause is also shown in cases of error or delay on the part of the employer and not the member.

11.3 RETIREMENT NOTICE & APPLICATION (FORM 515-117)

The *Retirement Notice and Application* consists of several parts and each part must be completed in full. The following is a step-by-step explanation of each part of the form.

Part 1: Retirement Date

The member should provide the month and year of his or her effective retirement date (e.g. July 2009). All retirement dates are the first day of a month.

Part 2: Member Information

Each member must provide all of the following information:

- Name;
- Social Security number;
- Mailing address (the address where retirement correspondence and information will be sent including zip code);
- Date of birth (proof of birth date will be required);
- Home telephone number;
- Daytime telephone number; and
- Marital status.

Part 3: Type of Retirement

The member should indicate whether he or she is applying for normal or early retirement benefits. NOTE: There is a different retirement application for disability retirement.

Part 4: Type of Benefit

Here the member marks the retirement option of his or her choice. For more details about each retirement option, see Chapter 13. The option chosen cannot be changed on or after the effective date of retirement.

If the member chooses Option A or B, he or she must designate a joint-annuitant. The joint-annuitant must be a specific person. This designation cannot be changed on or after the member's retirement date unless the designated joint-annuitant dies before the member; the member may then receive benefits under the Maximum benefit retirement option upon notification of death of joint-annuitant. If the member chooses Option C, he or she must designate a beneficiary by completing a new *Designation of Beneficiary Form for Option C Survivor Benefits*.

Part 5: Spouse Consent

If the retiring member is married and chooses to retire under any benefit other than Option A, or if the member is choosing someone other than his or her current legal spouse as joint-annuitant under Option A or B, the member's current legal spouse must complete, sign, and date Part 5.

All married members must retire under Option A and name their spouse as joint-annuitant, unless the member's current legal spouse signs and consents to the member's retirement under one of the other types of retirement benefits (i.e., Maximum benefit, Option B, or Option C).

If a member has previously been married but is now widowed, he or she must submit a copy of the spouse's death certificate.

If a member has previously been married but is now divorced, he or she must submit a copy of the divorce decree, unless the follow three conditions are met:

A. He or she had indicated that status on the original enrollment application;
B. No spouse has been listed as a beneficiary; and
C. No name changes have occurred since the original entry date.

If the member does not fall into the category above and is unable to supply proof of the death or divorce, the member's only alternative will be to retire under Option A and name the spouse as joint-annuitant.

Part 6: Insurance Authorization

The member must sign Part 6 in order for OPERS to deduct the premium for insurance coverage retained with the Employees Group Insurance Division (EGID) of the Office of Management and Enterprise Services, formerly known as the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB). If Part 6 is not signed, OPERS will not deduct the balance of the insurance premium from the member's monthly retirement benefit. (NOTE: Signing Part 6 does <u>NOT</u> enroll the member in the insurance.) For more information about the retention of insurance, contact EGID.

Part 7: Signatures

The member must sign and date Part 7 indicating the application has been completed in accordance with his or her wishes.

Part 8: Retirement Coordinator Verification

The Retirement Coordinator must complete and sign Part 8, supplying the member's last day physically on the job and, the member's last day on the regular payroll. Usually, these two dates will be the same. The member must remain off the payroll for the full month before returning to work with a different participating employer or one full year if returning to the OPERS employer under which they retired. (See Chapter 19 for more information on post-retirement employment.) The number of estimated hours of unused sick leave must also be provided in Part 8.

11.4 RETIREMENT NOTICE AND APPLICATION FOR HAZARDOUS DUTY MEMBERS (Form 515-117HD)

This version of the *Retirement Notice and Application* form may be used only by those members who work for the Department of Corrections as Correctional Officers, Probation and Parole Officers, Fugitive Apprehension Agents, or who work for the Oklahoma Military Department as firefighters at the time of their retirement.

This application form is completed in the same manner as the regular application with the exception of the following:

Part 3: TYPE OF RETIREMENT has one additional type of normal retirement. This type of retirement should be chosen if the member has at least 20 full years of service as a Hazardous Duty Member.

Part 8: RETIREMENT COORDINATOR VERIFICATION. It is particularly important to verify the Hazardous Duty service dates.

See Chapter 25: Hazardous Duty Provisions for more information about types of retirement.

11.5 RETIREMENT NOTICE AND APPLICATION FOR ELECTED OFFICIALS (Form 515-117E)

This version of the *Retirement Notice and Application* form may be used only by those members who are retiring from a position defined as an elected official in the OPERS statutes. (See CHAPTER 3: ELIGIBILITY FOR MEMBERSHIP.)

This application is to be completed in the same manner as the regular *Retirement Notice and Application* with the following exceptions:

Part 3: TYPE OF RETIREMENT requires the member have a minimum of six full years of participation as an elected official if the individual became an elected official July 1, 1990, or after.

Part 4: TYPE OF BENEFIT consists of four different types of benefits. Options A, B, and C are the same types of benefits which are available to the non-elected members. However, please note, the Maximum monthly benefit for elected officials includes an automatic 50% survivor benefit for the spouse of an elected official.

See CHAPTER 27: ELECTED OFFICIALS for more information on the type of retirement or benefit.

CHAPTER 12: FINAL RETIREMENT CERTIFICATION

Final Retirement Certification Form 515-134B must be submitted to OPERS within 10 days after the date of the retiring member's last day on the payroll.

A maximum of 960 hours of unused sick leave may be added to retirement service. Twenty days (160 hours) of sick leave equal one month of retirement service credit and will be added only in monthly segments. Fractions of a month of credit will not be given.

If the unused sick leave results in adding an additional year of service, the employer must pay the cost of funding that year of service.[1] This payment will be equal to 2% of the member's average annual salary divided by 12 and multiplied by the member's deferred annuity factor and any early retirement reductions. The deferred annuity factor is based upon the member's age and provided by the System's actuary.

When this situation occurs, the agency will receive an invoice for the cost of funding the additional reserve. Payment is due upon receipt of the invoice.

***NOTE:** If an employer adopts a sick leave policy permitting the accrual of sick leave, whether called sick leave, personal days off, or another term equating to sick leave, the employer cannot lawfully adopt and enforce a sick leave policy that prohibits any accrued unused sick leave from being used towards participating service credit in OPERS under 74 O.S. § 913(B)(7). *Attorney General Opinion No. 2012-8*.

PROMPT PAYMENT IS APPRECIATED.

[1] OPERS members who joined the system **on or after November 1, 2012**, will be credited with actual years and months of service after any unused sick leave is applied. Service credit calculations for these members will not include rounding of fractional years and agency billing for unused sick leave will be based on actual months.

CHAPTER 13: RETIREMENT OPTIONS

13.1 INTRODUCTION

Members may receive retirement benefits in four different arrangements called retirement options. These are described below. All options provide a benefit for the member's lifetime.

Maximum

Single-life Annuity

The Maximum benefit is paid monthly for the member's lifetime and ceases the last day of the month in which he or she dies. No further benefits are paid under the Maximum benefit.

A member who wishes to take a reduced benefit and, thereby, provide a monthly income for another person after the member's death, may choose Option A, B, or C.

Option A

One-Half Joint and Survivor Annuity

The Option A benefit is paid monthly for the member's lifetime. After the member's death, one-half of the reduced retirement benefit will be paid to the surviving joint-annuitant for the remainder of his or her lifetime.

Under Option A, the joint-annuitant must be a specific person.

All married members must retire under Option A unless the member's spouse consents to the member's retirement under one of the other types of retirement options by signing the Spouse Consent item (Part 5) of the *Retirement Notice and Application*. If the member is divorced or the member's spouse is deceased, the member must provide proof of the divorce or death.

To determine the amount of the reduced benefit a member will receive at retirement, refer to Table 2: Reduction Factors for Retirement Option A.

How to use Table 1: Reduction Factors for Option A.

A. Determine the age at which a member will retire, and find it on the left-hand column of the table.
B. Determine in years how much older or younger the joint-annuitant is than the retiring member at the retirement date.

Joint-annuitant, Beneficiary:
What's the Difference?

Joint-annuitant – a **natural person** who is designated by an OPERS retiree to receive a lifetime retirement benefit under Option A or Option B after the death of the retiree.

Beneficiary – a person or entity designated by a member to receive the member's accumulated contributions, death benefits, or a retirement benefit under Option C. Unlike a joint-annuitant, a beneficiary does not have the right to a benefit for his or her lifetime. Also, the member may change a beneficiary at any time.

C. Find the difference in years at the top of the table.
D. Find the corresponding reduction factor according to the retiring member's age and the joint-annuitant's age at the date of the member's retirement. The reduction factor is given as a percentage of the total Maximum benefit.

Example 1: Tom plans to retire at age 62 and elects Option A. His wife, Rhonda, will be named as Tom's joint-annuitant. At Tom's retirement date, Rhonda will be age 57. Tom will receive 91.92% of his total retirement benefit at retirement, and when he dies, Rhonda will receive one-half of the benefit for her life.

Example 2: Paul plans to retire at age 60 and elects Option A. His wife, Terry, will be named as Paul's joint-annuitant. At Paul's retirement, Terry will be age 65. Paul will receive 95.14% of his total monthly retirement benefit at retirement, and when he dies, Terry will receive one-half of the benefit for her life.

Example 3: Peggy plans to retire at age 70 and elects Option A. Her husband, Bill, will be named as Peggy's joint-annuitant. At Peggy's retirement, Bill will be age 70. Peggy will receive 89.92% of her total monthly retirement benefit at retirement, and when she dies, Bill will receive one-half of the benefit for his life.

Option B

100% Joint and Survivor Annuity

The Option B benefit is paid monthly for the member's lifetime. After the member's death, the same reduced monthly benefit will be paid to the surviving joint-annuitant for the remainder of his or her lifetime.

Under Option B, the joint-annuitant must be a natural person. Under federal limitations, Option B is only available to members who choose their spouse as joint-annuitant or who choose a nonspouse joint-annuitant who is no more than 10 years younger than the member. Married members may elect this benefit only with spouse consent.

To determine the amount of the reduced benefit a member will receive at retirement, refer to Table 3: Reduction Factors for Retirement Option B.

How to use Table 2: Reduction Factors for Option B.

A. Determine the age at which a member will retire, and find it on the left-hand column.
B. Determine in years how much older or younger the joint-annuitant is than the retiring member at the retirement date.
C. Find the difference in years at the top of the table.
D. Find the corresponding reduction factor according to the retiring member's age and the joint-annuitant's age at the date of the member's retirement. The reduction factor is given as a percentage of the total maximum benefit.

Example 1: Tom plans to retire at age 62 and elects Option B. His wife, Rhonda, will be named as Tom's joint-annuitant. At Tom's retirement date, Rhonda will be age 57. Tom will receive 85.04% of his total retirement benefit at retirement, and when he dies, Rhonda will receive the same benefit for her life.

Example 2: Paul plans to retire at age 60 and elects Option B. His wife, Terry, will be named as Paul's joint-annuitant. At Paul's retirement, Terry will be age 65. Paul will receive 90.73% of his total monthly retirement benefit at retirement, and when he dies, Terry will receive the same benefit for her life.

Example 3: Peggy plans to retire at age 70 and elects Option B. Her husband, Bill, will be named as Peggy's joint-annuitant. At Peggy's retirement, Bill will be age 70. Peggy will receive 81.69% of her total monthly retirement benefit at retirement, and when she dies, Bill will receive the same benefit for his life.

Option C

Single-life Annuity with a 10-Year Certain Period

The Option C benefit is paid monthly for the member's lifetime. If the member dies within 10 years of when benefit payments begin, the monthly payment will be made to the beneficiary for the balance of the 10-year period. Also, OPERS may pay the present value of the payment in a lump sum so it can be distributed immediately. If the member lives longer than 10 years after his or her retirement date, no monthly benefits will be paid to the beneficiary upon the member's death.

Under Opton C, the member's beneficiary does not have to be a natural person and multiple beneficiaries may be designated. If multiple beneficiaries are designated under Option C, the beneficiaries must share the benefit. The member may change Option beneficiaries at any time after his/her retirement date.

At least one contingent beneficiary should also be named for Option C. OPERS will forward a special Option C designation form to retirees who elect to retire under Option C so they can designate primary and contingent beneficiaries. The amount of reduced benefits payable under Option C is based on the age of the member only. To determine the amount of the reduced benefit a member will receive at retirement, refer to Table 4: Reduction Factors for Option C.

13.2 QUESTIONS & ANSWERS ABOUT THE REDUCTION FACTOR TABLES

Questions often arise regarding the reduction factors for retirement options A & B. Below are answers to some of the most frequently-asked questions.

Question: **Who determines the reduction factors and how often are they updated?**

Answer: The Plan's actuary periodically reviews all aspects of the Plan, including the reduction factors for Retirement Options A, B, and C, to ensure the actuarial assumptions reflect the actual experience of the members covered under the Plan.

Question: **Do the reduction factor tables go beyond the ages listed on the table?**

Answer: Yes. Due to the limitation of space, OPERS could not publish the reduction factors for every conceivable age. However, if you need the reduction factors for a particular member's age and joint-annuitant's age, please contact OPERS.

Question: **Why does an older member experience more of a reduction under Option A or B at retirement than a younger member does?**

Answer: The Plan's actuary determines the reduction factor for Retirement Options A & B. The actuary creates these factors based upon the premise that OPERS promises all retirees a benefit for only the retiree's lifetime, known as a single life annuity. Accordingly, State law provides what is called the Maximum benefit retirement option to members which provides all members the opportunity to receive an unreduced single life annuity.

Therefore, if OPERS promises only a single life annuity to its members, any additional survivor payment to another in the form of a joint and survivor annuity adds an additional cost to the retirement system. The cost to OPERS to provide a joint and survivor annuity is reflected by the reduction you have noticed in factors. This cost is similar to the cost for providing an insurance benefit for a joint-annuitant. The cost of this "insurance benefit" is more expensive for older retirees than for younger retirees. This is because, on average, survivor benefits are paid to a joint-annuitant sooner when the retiree is older. You may see this is similar to the cost to purchase whole life insurance. It is much less expensive at age 25 than at age 65.

Therefore, the logic of the reduction in the factors can be explained as follows. The older the retiree is, the more likely OPERS will have to pay the survivor benefit sooner. The more likely OPERS will have to pay the survivor benefit sooner, the more expensive providing that survivor benefit will be. Therefore, older retirees choosing Options A and B have to pay more to fund benefits for their joint-annuitants. The member pays for this "insurance" through a greater reduction in their monthly benefit.

13.3 CHANGING A RETIREMENT OPTION AFTER RETIREMENT

The retirement option the member chooses may not be changed on or after the member's retirement date. However, members who retire from OPERS under Option A or Option B may change their benefit option back to the Maximum benefit (no option, no reduction in benefits) upon the death of the member's joint-annuitant. No other person may be substituted or named as joint-annuitant.

The request to change to a Maximum benefit must be made in writing by the retired member and must include a certified death certificate of the joint-annuitant. The increased benefit becomes effective the first day of the month following OPERS' receipt of the joint-annuitant's death certificate.

Members who choose to retire under Option C cannot change the type of retirement option they have chosen but may change the Option C beneficiary at any time after their effective retirement date.

13.4 MEDICARE GAP BENEFIT OPTION

The Medicare Gap Benefit Option allows most OPERS members who are under age 65 at retirement to make an irrevocable election to temporarily increase the amount of their monthly retirement benefit. The increase is intended to help pay health insurance premiums, which are typically higher before Medicare eligibility at age 65. However, after age 65 there is a permanent decrease in the monthly retirement benefit to offset the pre-65 increase. In some cases, the amount of decrease will be greater than the amount of increase. The reduction in benefits after age 65 takes place in the month following the 65th birthday.

An irrevocable election form is sent to each eligible member after OPERS receives their *Retirement Notice and Application*. This form will show the amount of increase before age 65 and the amount of decrease after age 65. **The opportunity to make this irrevocable election is lost if the member's signed election form is not received in the OPERS offices before the member's retirement date.**

State, county and local government employees, who are active OPERS participants, are eligible to make this election, unless:

A. They have received any OPERS retirement benefits prior to May 1, 2006;
B. They are retiring under OPERS disability retirement;
C. They are selecting an Option C type of benefit;
D. The reduction after age 65 would result in the monthly benefit being less than $200.00; or
E. The retirement benefits are subject to a qualified domestic relations order and the reduction after age 65 would result in a monthly payment of less than $100.00 to them or the alternate payee.

The election of the Medicare Gap Benefit Option will not affect the amount of benefits payable to a surviving spouse or joint-annuitant.

If a member selects the Medicare Gap Benefit Option and returns to post-retirement employment with a participating employer, they will not be eligible to waive receipt of their monthly retirement benefit and retire a second time.

For complete information about retiree insurance rates, contact the Employees Group Insurance Division (EGID) of the Office of Management and Enterprise Services, formerly known as the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB):

Office of Management and Enterprise Services
c/o Employees Group Insurance Division (EGID)
3545 N.W. 58th St., Suite 110
Oklahoma City, OK 73112
(Local) 717-8780
1-800-752-9475
www.healthchoiceok.com

For more detailed information about the Medicare Gap Benefit Option, along with sample calculations, contact OPERS or download our information brochure from the publications page of the OPERS website.

TABLE 1
EARLY RETIREMENT REDUCTION FACTORS

For members who initially joined OPERS before November 1, 2011

Age	Factor
62 – 00 mo.	1.00000
61 – 11 mo.	0.99444
61 – 10 mo.	0.98888
61 – 09 mo.	0.98333
61 – 08 mo.	0.97777
61 – 07 mo.	0.97222
61 – 06 mo.	0.96666
61 – 05 mo.	0.96111
61 – 04 mo.	0.95555
61 – 03 mo.	0.95000
61 – 02 mo.	0.94444
61 – 01 mo.	0.93888
61 – 00 mo.	0.93333
60 – 11 mo.	0.92777
60 – 10 mo.	0.92222
60 – 09 mo.	0.91666
60 – 08 mo.	0.91111
60 – 07 mo.	0.90555
60 – 06 mo.	0.90000
60 – 05 mo.	0.89444
60 – 04 mo.	0.88889
60 – 03 mo.	0.88333
60 – 02 mo.	0.87779
60 – 01 mo.	0.87223
60 – 00 mo.	0.86667
59 – 11 mo.	0.86111
59 – 10 mo.	0.85555
59 – 09 mo.	0.85000
59 – 08 mo.	0.84444
59 – 07 mo.	0.83889
59 – 06 mo.	0.83333
59 – 05 mo.	0.82778
59 – 04 mo.	0.82222
59 – 03 mo.	0.81667
59 – 02 mo.	0.81111
59 – 01 mo.	0.80555

Age	Factor
59 – 00 mo.	0.80000
58 – 11 mo.	0.79444
58 – 10 mo.	0.78889
58 – 09 mo.	0.78333
58 – 08 mo.	0.77778
58 – 07 mo.	0.77222
58 – 06 mo.	0.76666
58 – 05 mo.	0.76111
58 – 04 mo.	0.75555
58 – 03 mo.	0.75000
58 – 02 mo.	0.74444
58 – 01 mo.	0.73889
58 – 00 mo.	0.73333
57 – 11 mo.	0.72778
57 – 10 mo.	0.72222
57 – 09 mo.	0.71667
57 – 08 mo.	0.71111
57 – 07 mo.	0.70555
57 – 06 mo.	0.70000
57 – 05 mo.	0.69444
57 – 04 mo.	0.68889
57 – 03 mo.	0.68333
57 – 02 mo.	0.67778
57 – 01 mo.	0.67222
57 – 00 mo.	0.66667
56 – 11 mo.	0.66389
56 – 10 mo.	0.66111
56 – 09 mo.	0.65834
56 – 08 mo.	0.65556
56 – 07 mo.	0.65278
56 – 06 mo.	0.65000
56 – 05 mo.	0.64723
56 – 04 mo.	0.64445
56 – 03 mo.	0.64167
56 – 02 mo.	0.63889
56 – 01 mo.	0.63611

Age	Factor
56 – 00 mo.	0.63333
55 – 11 mo.	0.63055
55 – 10 mo.	0.62777
55 – 09 mo.	0.62500
55 – 08 mo.	0.62222
55 – 07 mo.	0.61944
55 – 06 mo.	0.61666
55 – 05 mo.	0.61389
55 – 04 mo.	0.61111
55 – 03 mo.	0.60833
55 – 02 mo.	0.60555
55 – 01 mo.	0.60277
55 – 00 mo.	0.60000

This table is based upon an analysis of actuarial assumptions and experience of the Oklahoma Public Employees Retirement System prepared by Milliman, Inc.

TABLE 2
REDUCTION FACTORS FOR RETIREMENT OPTION A

For members who initially joined OPERS before November 1, 2011
Expressed as a percentage of the total Maximum benefit

Member's age at retirement	The number of years younger the joint-annuitant is than the member at the date of the member's retirement.											The number of years older the joint-annuitant is than the member at the date of the member's retirement.									
	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10
50	95.56%	95.67%	95.79%	95.90%	96.02%	96.14%	96.26%	96.38%	96.50%	96.62%	96.74%	96.87%	96.99%	97.11%	97.23%	97.34%	97.46%	97.57%	97.68%	97.79%	97.90%
51	95.27%	95.39%	95.51%	95.63%	95.76%	95.88%	96.01%	96.14%	96.27%	96.40%	96.54%	96.67%	96.80%	96.92%	97.05%	97.18%	97.30%	97.42%	97.54%	97.66%	97.77%
52	94.96%	95.08%	95.21%	95.35%	95.48%	95.62%	95.76%	95.89%	96.03%	96.17%	96.31%	96.45%	96.59%	96.73%	96.87%	97.00%	97.13%	97.26%	97.39%	97.51%	97.63%
53	94.62%	94.76%	94.90%	95.04%	95.19%	95.33%	95.48%	95.63%	95.78%	95.93%	96.08%	96.23%	96.37%	96.52%	96.67%	96.81%	96.95%	97.09%	97.22%	97.36%	97.48%
54	94.27%	94.42%	94.56%	94.72%	94.87%	95.03%	95.18%	95.34%	95.50%	95.66%	95.82%	95.98%	96.14%	96.30%	96.45%	96.61%	96.76%	96.90%	97.05%	97.19%	97.33%
55	93.89%	94.05%	94.21%	94.37%	94.53%	94.70%	94.87%	95.04%	95.21%	95.38%	95.55%	95.72%	95.89%	96.06%	96.23%	96.39%	96.55%	96.71%	96.86%	97.01%	97.16%
56	93.49%	93.66%	93.83%	94.00%	94.18%	94.36%	94.54%	94.72%	94.90%	95.09%	95.27%	95.45%	95.63%	95.81%	95.99%	96.16%	96.33%	96.50%	96.66%	96.82%	96.98%
57	93.07%	93.25%	93.43%	93.62%	93.81%	94.00%	94.19%	94.39%	94.58%	94.78%	94.97%	95.17%	95.36%	95.55%	95.74%	95.92%	96.11%	96.28%	96.46%	96.63%	96.80%
58	92.63%	92.82%	93.02%	93.22%	93.42%	93.62%	93.83%	94.04%	94.24%	94.45%	94.66%	94.87%	95.07%	95.28%	95.48%	95.67%	95.87%	96.06%	96.25%	96.43%	96.61%
59	92.17%	92.37%	92.58%	92.79%	93.01%	93.23%	93.45%	93.67%	93.89%	94.11%	94.33%	94.55%	94.77%	94.99%	95.20%	95.41%	95.62%	95.82%	96.02%	96.22%	96.41%
60	91.68%	91.90%	92.12%	92.35%	92.58%	92.81%	93.04%	93.28%	93.52%	93.75%	93.99%	94.22%	94.46%	94.69%	94.92%	95.14%	95.36%	95.58%	95.79%	96.00%	96.20%
61	91.17%	91.40%	91.64%	91.88%	92.12%	92.37%	92.62%	92.87%	93.12%	93.38%	93.63%	93.88%	94.13%	94.37%	94.62%	94.86%	95.09%	95.32%	95.55%	95.77%	95.98%
62	90.63%	90.88%	91.13%	91.39%	91.65%	91.92%	92.18%	92.45%	92.72%	92.99%	93.26%	93.52%	93.79%	94.05%	94.31%	94.56%	94.81%	95.06%	95.30%	95.53%	95.76%
63	90.08%	90.34%	90.61%	90.89%	91.17%	91.45%	91.73%	92.02%	92.30%	92.59%	92.88%	93.16%	93.44%	93.72%	93.99%	94.27%	94.53%	94.79%	95.05%	95.30%	95.54%
64	89.51%	89.79%	90.08%	90.37%	90.67%	90.97%	91.27%	91.57%	91.88%	92.18%	92.49%	92.79%	93.09%	93.39%	93.68%	93.97%	94.25%	94.53%	94.80%	95.06%	95.32%
65	88.92%	89.22%	89.52%	89.83%	90.15%	90.47%	90.79%	91.11%	91.44%	91.76%	92.09%	92.41%	92.73%	93.04%	93.35%	93.66%	93.96%	94.26%	94.55%	94.83%	95.10%
66	88.30%	88.62%	88.95%	89.28%	89.62%	89.96%	90.30%	90.64%	90.99%	91.33%	91.67%	92.02%	92.36%	92.69%	93.02%	93.35%	93.67%	93.98%	94.29%	94.59%	94.88%
67	87.67%	88.01%	88.36%	88.71%	89.07%	89.43%	89.80%	90.16%	90.53%	90.89%	91.26%	91.62%	91.99%	92.34%	92.70%	93.04%	93.38%	93.71%	94.04%	94.35%	94.66%
68	87.02%	87.38%	87.75%	88.12%	88.50%	88.89%	89.27%	89.66%	90.05%	90.44%	90.83%	91.22%	91.61%	91.99%	92.36%	92.73%	93.09%	93.44%	93.78%	94.12%	94.44%
69	86.33%	86.72%	87.11%	87.51%	87.91%	88.32%	88.73%	89.14%	89.56%	89.97%	90.39%	90.80%	91.21%	91.61%	92.01%	92.40%	92.78%	93.15%	93.52%	93.87%	94.21%
70	85.61%	86.02%	86.44%	86.86%	87.29%	87.72%	88.16%	88.60%	89.04%	88.59%	89.92%	90.36%	90.80%	91.22%	91.65%	92.06%	92.46%	92.86%	93.24%	93.61%	93.97%

This table is based upon an analysis of actuarial assumptions and experience of the Oklahoma Public Employees Retirement System prepared by Milliman, Inc.

TABLE 3
REDUCTION FACTORS FOR RETIREMENT OPTION B

For members who initially joined OPERS before November 1, 2011
Expressed as a percentage of the total Maximum benefit

Member's age at retirement	The number of years younger the joint-annuitant is than the member at the date of the member's retirement.											The number of years older the joint-annuitant is than the member at the date of the member's retirement.									
	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10
50	91.50%	91.70%	91.91%	92.12%	92.34%	92.56%	92.78%	93.01%	93.24%	93.47%	93.69%	93.92%	94.15%	94.38%	94.60%	94.83%	95.05%	95.26%	95.47%	95.68%	95.88%
51	90.97%	91.18%	91.40%	91.63%	91.86%	92.09%	92.33%	92.57%	92.82%	93.06%	93.30%	93.55%	93.79%	94.03%	94.27%	94.51%	94.74%	94.97%	95.20%	95.42%	95.64%
52	90.40%	90.63%	90.87%	91.11%	91.35%	91.60%	91.86%	92.11%	92.37%	92.63%	92.89%	93.15%	93.41%	93.67%	93.92%	94.17%	94.42%	94.67%	94.91%	95.14%	95.37%
53	89.80%	90.04%	90.29%	90.55%	90.81%	91.08%	91.35%	91.62%	91.90%	92.17%	92.45%	92.73%	93.00%	93.28%	93.55%	93.82%	94.08%	94.34%	94.60%	94.85%	95.09%
54	89.16%	89.42%	89.69%	89.96%	90.24%	90.52%	90.81%	91.10%	91.39%	91.69%	91.98%	92.28%	92.57%	92.86%	93.15%	93.44%	93.72%	93.99%	94.27%	94.53%	94.79%
55	88.48%	88.76%	89.05%	89.34%	89.63%	89.93%	90.24%	90.55%	90.86%	91.17%	91.48%	91.80%	92.11%	92.42%	92.73%	93.03%	93.33%	93.62%	93.91%	94.19%	94.47%
56	87.78%	88.07%	88.37%	88.68%	89.00%	89.32%	89.64%	89.97%	90.30%	90.63%	90.96%	91.30%	91.63%	91.96%	92.28%	92.60%	92.92%	93.23%	93.54%	93.84%	94.14%
57	87.04%	87.36%	87.68%	88.01%	88.34%	88.68%	89.02%	89.37%	89.72%	90.07%	90.43%	90.78%	91.13%	91.48%	91.82%	92.17%	92.50%	92.84%	93.16%	93.48%	93.79%
58	86.28%	86.61%	86.95%	87.30%	87.65%	88.01%	88.37%	88.74%	89.12%	89.49%	89.86%	90.24%	90.61%	90.98%	91.35%	91.71%	92.07%	92.42%	92.76%	93.10%	93.44%
59	85.47%	85.83%	86.19%	86.55%	86.93%	87.31%	87.70%	88.09%	88.48%	88.88%	89.27%	89.67%	90.06%	90.46%	90.85%	91.23%	91.61%	91.98%	92.35%	92.71%	93.07%
60	84.63%	85.01%	85.39%	85.78%	86.18%	86.58%	86.99%	87.40%	87.82%	88.24%	88.66%	89.08%	89.50%	89.91%	90.32%	90.73%	91.13%	91.53%	91.92%	92.30%	92.68%
61	83.76%	84.16%	84.56%	84.98%	85.40%	85.82%	86.26%	86.69%	87.13%	87.58%	88.02%	88.46%	88.91%	89.35%	89.78%	90.21%	90.64%	91.06%	91.47%	91.88%	92.28%
62	82.87%	83.29%	83.71%	84.15%	84.59%	85.04%	85.50%	85.96%	86.43%	86.90%	87.37%	87.84%	88.30%	88.77%	89.23%	89.69%	90.14%	90.59%	91.02%	91.45%	91.87%
63	81.95%	82.39%	82.84%	83.30%	83.77%	84.24%	84.73%	85.22%	85.71%	86.20%	86.70%	87.19%	87.69%	88.18%	88.67%	89.15%	89.63%	90.10%	90.57%	91.02%	91.46%
64	81.01%	81.47%	81.95%	82.43%	82.93%	83.43%	83.94%	84.46%	84.98%	85.50%	86.02%	86.55%	87.07%	87.59%	88.11%	88.62%	89.13%	89.62%	90.11%	90.59%	91.06%
65	80.04%	80.53%	81.03%	81.55%	82.07%	82.60%	83.14%	83.68%	84.23%	84.78%	85.33%	85.89%	86.44%	86.99%	87.54%	88.08%	88.61%	89.14%	89.66%	90.16%	90.66%
66	79.05%	79.57%	80.10%	80.64%	81.19%	81.74%	82.31%	82.88%	83.46%	84.04%	84.63%	85.21%	85.80%	86.38%	86.96%	87.53%	88.09%	88.65%	89.19%	89.73%	90.25%
67	78.05%	78.59%	79.15%	79.72%	80.30%	80.88%	81.48%	82.08%	82.69%	83.31%	83.93%	84.54%	85.16%	85.78%	86.38%	86.99%	87.58%	88.17%	88.75%	89.31%	89.86%
68	77.02%	77.59%	78.17%	78.77%	79.38%	80.00%	80.63%	81.26%	81.91%	82.56%	83.21%	83.86%	84.51%	85.16%	85.80%	86.44%	87.07%	87.69%	88.29%	88.89%	89.46%
69	75.95%	76.55%	77.16%	77.79%	78.43%	79.08%	79.74%	80.41%	81.09%	81.77%	82.46%	83.15%	83.84%	84.52%	85.20%	85.87%	86.53%	87.19%	87.82%	88.44%	89.05%
70	74.84%	75.47%	76.12%	76.77%	77.45%	78.13%	78.83%	79.54%	80.25%	80.97%	81.69%	82.42%	83.14%	83.86%	84.58%	85.29%	85.98%	86.67%	87.34%	87.99%	88.63%

This table is based upon an analysis of actuarial assumptions and experience of the Oklahoma Public Employees Retirement System prepared by Milliman, Inc.

TABLE 4
REDUCTION FACTORS FOR OPTION C

For members who initially joined OPERS before November 1, 2011

Age of Retiree	Factor
47	.9962
48	.9958
49	.9953
50	.9947
51	.9939
52	.9931
53	.9921
54	.9909
55	.9894
56	.9878
57	.9860
58	.9838
59	.9814
60	.9786
61	.9755
62	.9720
63	.9681
64	.9639
65	.9592
66	.9540
67	.9484
68	.9421
69	.9349
70	.9268
71	.9179
72	.9077
73	.8964
74	.8836
75	.8694
76	.8536

This table is based upon an analysis of actuarial assumptions and experience of the Oklahoma Public Employees Retirement System prepared by Milliman, Inc.

CHAPTER 14: CALCULATION OF RETIREMENT BENEFITS

14.1 INTRODUCTION

The determination of a member's benefit is based upon a member's:

A. Credited service; and,

B. Final average compensation.

This section provides an explanation of the benefit determination process as well as examples.

Step 1: Determining Service Credit

To determine a member's service credit, add up the years and months the member has participated in OPERS. Include any purchased service or service granted free of charge. Then, if the total includes a partial year of six months or more, round the member's total service credit up to the next highest year. For example, if Bill has 20 years of participating service, one bonus year, and six months of unused sick leave, Bill's total credited service would be 21 years six months, rounded up to 22 years. Therefore, Bill's creditable service is 22 years.

> **Note:** only members who began participating **before November 1, 2012**, or elected officials first elected or appointed to elected office **before November 1, 2011**, have their fractional years of service rounded up or down to the nearest full year. Those who became members **on or after those dates**, have their total service calculated based on their actual years and months of service without rounding.

You may be asked by an employee, "Does six months of unused sick leave always give a member an additional year of service credit?" The answer is, "Not always." A member's credit for unused sick leave is added to his or her other service credit. If a member's total service credit includes a partial year of six months or more, then the member's total credited service is rounded to the next highest year.

WHEN SICK LEAVE ADDS A YEAR		WHEN SICK LEAVE DOES NOT ADD A YEAR	
21 YEARS 0 MONTHS	PARTICIPATING SERVICE	21 YEARS 6 MONTHS	PARTICIPATING SERVICE
+ 6 MONTHS	UNUSED SICK LEAVE	+ 6 MONTHS	UNUSED SICK LEAVE
21 YEARS 6 MONTHS	TOTAL SERVICE	22 YEARS	TOTAL SERVICE
22 YEARS	**TOTAL CREDITED SERVICE**	**22 YEARS**	**TOTAL CREDITED SERVICE**

Step 2: Calculation of Final Average Compensation

For members who initially joined OPERS **before July 1, 2013:**

The highest three years out of the last 10 years of participating service prior to retirement or termination, including the highest three longevity payments upon which contributions have been made, are used to calculate a member's final average compensation. The highest three years of salary plus longevity are added together and divided by three to determine the final average compensation.

Example: Tom's highest three annual salaries out of the last 10 years prior to retirement are: $42,000 in fiscal year 2013, $41,000 in fiscal year 2012, and $40,000 in fiscal year 2011. His final average compensation would be $41,000.

For members who initially joined OPERS **on or after July 1, 2013**:

The highest five years out of the last 10 years of participating service prior to retirement or termination, including the highest five longevity payments upon which contributions have been made, are used to calculate a member's final average compensation. The highest five years of salary plus longevity are added together and divided by five to determine the final average compensation.

Example: Peggy's highest five annual salaries out of the last 10 years prior to retirement are: $81,000 in fiscal year 2013, $78,000 in fiscal year 2012, $76,000 in fiscal year 2011, $74,000 in fiscal year 2010, and $71,000 in fiscal year 2009. Her final average compensation would be $76,000.

Minimum Final Average Compensation		
20 or more years	=	$13,800
15 to 19 years	=	$ 6,900
Less than 15 years	=	No Minimum

*The minimum final average compensation for persons who became members of OPERS **on or after July 1, 1995,** will be determined by the number of years of credited service they have at the time of their retirement (see chart). The minimum final average compensation for persons who became members of OPERS **prior to July 1, 1995,** is $13,800 regardless of the member's number of years of service.*

Step 3: Calculation of Annual Retirement Benefit

To calculate the benefit, multiply the member's final average compensation by the number of years of service. The result should then be multiplied by .02 (2%).

Final Average Compensation x Credited Service x 2% = Annual Retirement Benefit

14.2 DEDUCTIONS FROM SALARY WHILE EMPLOYED

Deductions from a member's salary while employed will not affect the compensation OPERS uses for the computation of the final average compensation. For example, if a member has health insurance benefits deducted from their salary on a pretax basis through "Premium Conversion" or a "Cafeteria Plan," these deductions will not lower the salary OPERS may use for the computation of the member's final average compensation. OPERS uses the member's gross compensation (salary and longevity before deductions for insurance, retirement, taxes, deferred compensation, etc.) for the determination of the member's final average compensation. Overtime payment is not subject to retirement contributions and is not included in salary for calculation of the final average compensation.

14.3 EARLY (REDUCED) RETIREMENT BENEFITS

To determine a member's early retirement benefits, calculate the monthly benefit according to the formula given above for normal retirement. The benefit must then be reduced according to the member's age in years and months. To reduce the benefit, multiply the monthly benefit for normal retirement by the percentage factor for the member's age as provided in Table 1, titled *EARLY RETIREMENT REDUCTION FACTORS.*

14.4 COMBINING ELECTED AND NON-ELECTED PARTICIPATING SERVICE

If a member is retiring as an elected official, the monthly benefit for participating service accrued with OPERS while a regular, non-elected employee is equal to the benefit paid for elected service, provided the official has at least six full years of participating service as an elected official if elected or appointed after July 1, 1990. The benefits of a member who has elected service credit, but is retiring as a non-elected member, is calculated in two parts, elected and non-elected, and is added together to form one benefit. However, the monthly benefit is calculated on the formula for non-elected participating service benefits if the benefit is higher than the benefit calculated under the elected official formula.

14.5 PART-TIME EMPLOYMENT

If a member does not have at least three years of full-time employment out of the last 10 years prior to retirement, OPERS is authorized to annualize the member's salary in determining the final average compensation. For more information on the annualization of final average compensation, consult OAC 590:10-7-14 or contact OPERS.

14.6 LIMITATIONS ON RETIREMENT BENEFITS

Federal tax law (Code Section 415(b) of the Internal Revenue Code) places limits on the amount of retirement benefits OPERS can pay to its retirees during a calendar year. The benefit limit a retiree may be subject to is based on their age at retirement and the amount of their annual retirement benefit. These limits do not affect most OPERS retirees. Each affected member who receives a retirement benefit estimate or applies for retirement may be notified of these limitations and whether such limits will reduce retirement benefits.

Effective November 1, 2010, OPERS established an Excess Benefit Plan and Trust. This Excess Benefit Plan permits a retiree to receive that part of their annual benefit exceeding the limitation on benefits imposed by Code Section 415(b). However, the Excess Benefit Plan cannot pay any benefits in excess of the Code Section 415(b) limits which result from the 2.5% Step-Up election.

14.7 2.5% STEP-UP

<u>IMPORTANT</u>: As Retirement Coordinator, it is your responsibility to understand the 2.5% Step-Up provision and to process the Step-Up Election Forms in a timely manner. Prompt processing is critical in making the process run smoothly. We also ask you refrain from giving employees advice about whether or not they should participate in the Step-Up. The election is irrevocable and each member must decide on their own if participating in the provision is right for them. Any annual benefits in excess of the limits imposed by federal tax law (Code Section 415(b) of the Internal Revenue Code) which result from the 2.5% Step-Up election cannot be paid through the Excess Benefit Plan and Trust.

As the Retirement Coordinator, it is important you communicate with payroll clerks to determine the Step-Up election status of employees who are newly hired, transfer from another OPERS participating employer, or return to work after retirement before adding them to the payroll. If necessary, call our Member Services division and one of our representatives can check this information.

IMPORTANT: **Errors can be costly!** If an employee has previously elected the Step-Up and the employer does not withhold retirement contributions at the Step-Up rate (currently an additional 2.91%) from the first day of employment, state law requires the employer to pay the unpaid employee contributions – plus interest – when the error is discovered.

The regular retirement benefit calculation formula for most OPERS members is:

Final Average Compensation x Years of Service x 0.02 (2% benefit computation factor)

The formula is different for elected officials and hazardous duty members.

All actively participating OPERS members, with the exception of hazardous duty members and elected officials who were first elected or appointed to elected office before November 1, 2011, may "step-up" their benefit computation factor from 2.0% to 2.5%.

Members must complete and sign a Step-Up election form and return it to their Retirement Coordinator to participate in the Step-Up. The election can be made at enrollment or at any time while the member is an active participating member and will be effective the first payroll period after the election and acceptance by the employer.

Members are required to make an additional retirement contribution to "step-up" their retirement benefit. Currently, this actuarially determined amount is an additional 2.91% of the compensation for retirement purposes. To determine a member's Step-Up contribution rate, add 2.91% to the current retirement contribution rate. Regular employee contribution rates and/or the additional Step-Up rate could change in the future.

The Step-Up will increase the member's computation factor to 2.5% only on participating service they accrue after the election and only for full years (12 months) of participating service. (NOTE: 2,076 hours equals a full year of participating service).

Members should evaluate their individual circumstances to determine whether the Step-Up is appropriate for them. The increased employee contributions will lower their take-home pay. Members

are not permitted to withdraw their OPERS retirement contributions unless they terminate their employment and membership in OPERS. There are no provisions for stopping the Step-Up once it has begun. Partial years of service (including participation in the Step-Up for partial years), service prior to the election, purchased credit, prior service, military service, transported service, bonus years and unused sick leave will all be calculated at the regular 2% computation factor.

This is an irrevocable election and is binding on all future participation in OPERS, even if the member changes jobs or has a break in service. This includes any return to employment after the member withdraws his or her retirement contributions or retires.

To assist members in understanding the Step-Up and its impact on benefits and contributions, OPERS has prepared the example and information below. OPERS cannot make these calculations for members and cannot provide advice about their decision whether to make the election or the timing of the election. We ask Retirement Coordinators to refrain from providing advice as well. It is a personal decision each individual must make. Here are some factors members should consider in making their personal decision:

- Their financial condition and tax status;
- Whether they can afford to have the higher contribution withheld from their pay;
- How long they are likely to remain an active member of OPERS;
- How long they and/or their survivor are likely to receive a pension from OPERS, based on age and life expectancy;
- Other choices for tax-sheltered retirement savings (such as SoonerSave or an IRA).

The following example is provided to help clarify how the Step-Up works and how calculations are made. Every member's situation is unique based on his or her age, salary and years of service. Therefore, members should make their own calculations based on their individual situation.

STEP-UP BENEFIT CALCULATION

Note: In the following example, "Compensation" means Final Average Compensation and "Service" means Years of Service.

Example: Barbara started participating in OPERS in January 1999. She completed eight years of participating service at the end of December 2006. She expects to work another 15 years before reaching normal retirement eligibility for a total of 23 years of service. She estimates her final average compensation at retirement will be $30,833 per year.

A. If she does not elect the Step-Up, her monthly benefit will be calculated as follows:

Final Average Compensation		$30,833
Years of Service	X	23
Regular Computation Factor (2%)	X	0.02
Total Annual Benefit	=	$14,183
12 Months	÷	12
Total Monthly Benefit	**=**	**$1,181.93**

B. If she elects to begin paying the higher contribution on January 1, 2007, her monthly benefit would be calculated as follows:

- Annual Regular benefit amount

Final Average Compensation		$30,833
Years of Service before Step-Up	X	8*
Regular Computation Factor (2%)	X	0.02
Annual Regular Benefit	**=**	**$4,933.28**

** January 1999 through December 2006*

- Annual Step-Up benefit amount

Final Average Compensation		$30,833
(Full) Years of Service after Step-Up	X	15[#]
Step-Up Computation Factor (2%)	X	0.025
Annual Step-Up Benefit	**=**	**$11,562.38**

[#] January 2007 to normal retirement date

- Total Benefit Amount

Annual Regular Benefit		$4,933.28
Annual Step-Up Benefit	+	$11,562.38
Total Annual Benefit	=	$16,495.66
12 Months	÷	12
Total Monthly Benefit		**$1,374.64**

As a result of her election of the Step-Up, Barbara's total monthly retirement benefit would increase from $1,181.00 to $1,374.00 per month, an increase of $193.00 per month. THIS IS ONLY AN ESTIMATE. THE CONTRIBUTION RATE COULD BE RAISED OR LOWERED BY LAW IN THE FUTURE.

-ADDITIONAL CONTRIBUTION PROJECTION-

YEAR	ASSUMED SALARY x 2.91%	ADDITIONAL ANNUAL CONTRIBUTION
2007	24,500 X 2.91%	$712.95
2008	25,000 X 2.91%	$727.50
2009	25,500 X 2.91%	$742.05
2010	26,000 X 2.91%	$756.60
2011	26,500 X 2.91%	$771.15
2012	27,000 X 2.91%	$785.70
2013	27,500 X 2.91%	$800.25
2014	28,000 X 2.91%	$814.80
2015	28,500 X 2.91%	$829.35
2016	29,000 X 2.91%	$843.90
2017	29,500 X 2.91%	$858.45
2018	30,000 X 2.91%	$873.00
2019	30,500 X 2.91%	$887.55
2020	31,000 X 2.91%	$902.10
2021	31,000 X 2.91%	$902.10
TOTAL		**$12,207.45**

For more examples of Step-Up calculations, see the OPERS Step-Up brochure. You can view it on the publications page of the website at www.opers.ok.gov/publications.

CHAPTER 15: RETIREMENT BENEFIT CALCULATION EXAMPLES

The determination of a member's benefit is based upon a member's final average compensation and a member's credited service. Below is an example of how retirement benefits are calculated.

Paul began his employment with a participating OPERS employer July 1, at age 52. He began participating in OPERS on August 1, the first full month following his original hire date. Paul plans to retire August 1, when he has reached age 62.

> **Note:** only members who began participating **before November 1, 2012**, or elected officials first elected or appointed to elected office **before November 1, 2011**, have their fractional years of service rounded up or down to the nearest full year. Those who became members **on or after those dates**, have their total service calculated based on their actual years and months of service without rounding.

Step 1: Determination of Service Credit
Paul has 11 years of total participating service, which includes six months of unused sick leave. Therefore, Paul's total service of 10 years and six months can be rounded to 11 years of total service credit.

Step 2: Calculation of Final Average Compensation
Paul's three highest salaries out of the last ten years prior to retirement are: $42,065; $43,032; and $44,047. The average of these salaries is $43,048. Therefore, Paul's final average compensation is $43,048.

Step 3: Calculation of Annual Retirement Benefit
Paul's final average compensation ($43,048) multiplied by 11 (total years of service credit) equals $473,528. This result is then multiplied by 2% (.02) to determine Paul's annual benefit. Paul's annual retirement benefit is $9,470.56.

Will OPERS Benefits Meet Your Needs?

Most members can determine how their OPERS benefit will help meet their financial needs in retirement by using a simple formula: Service Credit multiplied by 2%. By using this formula, members can determine how their OPERS benefit compares to their average compensation. They can then calculate how much money they will need to accumulate through personal savings and Social Security to make up the difference between their OPERS benefit and their financial needs in retirement.

Total Service	Benefit as % of Avg. Compensation
10 years	20%
15 years	30%
20 years	40%
25 years	50%
30 years	60%
35 years	70%
40 years	80%
45 years	90%
50 years	100%

This chart reflects the benefits for state and local government employees only. It does not reflect the benefits for elected officials, correctional officers, probation officers, or Judges and Justices.

Let's use Paul as an example. Paul plans to retire when he has 25 years of credited service. Twenty-five times 2% equals 50%. This means Paul's benefit will be 50% of his final average compensation. Therefore, if Paul's final average compensation is $25,000, then his annual OPERS retirement benefit will be $12,500 or 50% of his final average compensation. If Paul decides he needs 90% of his final average compensation, or $22,500, to support his annual financial needs in retirement, then he will need to be sure Social Security and his personal savings will provide the additional 40% or $10,000 per year during his retirement.

RETIREMENT BENEFIT WORKSHEET

NOTE: For members participating in the 2.5% Step-Up, See Section 14.7

SERVICE CREDIT

		Years	Months	
Participating Service				1
Elected Service				2
Unused Sick Leave				3
Military Service				4
Prior Service				5
Purchased Service				6
Bonus Years				7
Incentive Credit	+			8
Subtotal	=			9
Total Service Credit[1]	=			10

FINAL AVERAGE COMPENSATION

Add the three highest years of compensation out of the last 10 years of employment prior to retirement, including longevity pay (Remember to apply caps if applicable)		$	11
			12
	+		13
Subtotal	=	$	14
	÷	3 years	15
Final Average Compensation	=	**$**	16

MONTHLY RETIREMENT BENEFIT CALCULATION

Final Average Compensation		$	Line 16
Service Credit	x		Line 10
2% Computation Factor	x	.02	
Maximum Annual Retirement Benefit	=	$	
	÷	12 months	
Maximum Monthly Retirement Benefit	=	**$**	

[1] For members who began participating in OPERS **before November 1, 2012**, or elected officials first elected or appointed to elected office **before November 1, 2011**, years and months of service credit in OPERS will be rounded to the nearest full year to determine total service credit when calculating retirement benefits. Six or more months of a partial year will be rounded up to the next full year, and fewer than six months will be rounded down. In 2012, the legislature eliminated the rounding of service credit for new members. Consequently, total credited service for members who begin participating in OPERS **on or after those dates** shall be based on actual years and months of credited service without rounding up or down.

CHAPTER 16: TAXATION OF RETIREMENT BENEFITS

Benefits from OPERS are considered income for Oklahoma income tax purposes and for federal income tax purposes. This information is not intended to be tax advice. OPERS encourages all members and Retirement Coordinators to seek advice from a competent tax advisor on matters of taxation. Before counseling any employee on taxation matters, always encourage your employees to seek tax advice from a competent tax advisor.

16.1 OKLAHOMA STATE INCOME TAX

Under current Oklahoma tax provisions for tax year 2011, $10,000 of retirement benefits may be excluded from an individual Oklahoma taxpayer's gross income each year. However, retirees may experience different treatment if they reside in a state other than Oklahoma.

16.2 FEDERAL INCOME TAX

If an OPERS retiree has any accumulated non-taxable contributions (taxes have been paid on the contributions) as of the date of his or her retirement, the member will be able to reduce the taxable portion of their benefit to the extent of their non-taxable contributions in accordance with the Internal Revenue Service's Safe Harbor. Generally, this method allows OPERS to spread the member's accumulated nontaxable contributions over his or her life expectancy or the joint life expectancies of the member and the member's joint-annuitant. OPERS will calculate this deduction for each retiree. However, retirees can consult Internal Revenue Service for more information about the Simplified Safe Harbor Exclusion Method.

OPERS will mail a Form 1099-R to each retiree at the end of each January. This form will show 1) the gross amount of the retirement benefit for the previous calendar year, 2) the amount of state and federal income tax withheld from the retirement benefit, and 3) the federal taxable amount of the retirement benefit for the year. The information contained in a member's Form 1099-R should be used in completing the member's state and federal income tax return.

Each retiree will receive a *Benefit Recipient's Withholding Preference Certificate* (Form 515-151) from OPERS approximately two weeks before their retirement becomes effective. The form must be completed indicating whether or not state and federal tax should be withheld from the monthly benefit and at what rate. This completed form must be returned to OPERS; one may be completed at any time to change future withholdings.

CHAPTER 17: GROUP INSURANCE AFTER RETIREMENT

Every member will correspond directly with the the Employees Group Insurance Division (EGID) of the Office of Management and Enterprise Services, formerly known as the Oklahoma State and Education Employees Group Insurance Board (OSEEGIB), when retaining insurance benefits. The benefit coordinator can provide prospective retirees with an Application for Retiree/Vested/Non-Vest/Defer Insurance Coverage for the selection of insurance benefits. If the member is Medicare eligible, and enrolling in a Medicare supplement through EGID, they must also complete a Medicare Part D form. The forms are available at www.HealthChoiceok.com, as well as additional information relating to insurance. If the member is enrolled in a HMO and is Medicare eligible at retirement, they must obtain an enrollment form from the HMO plan. If a member, whose employer is participating in the EGID Insurance Plan, retires under this system he or she is eligible to continue or begin health, dental, and vision insurance coverage for the retiree as well as any eligible dependents. Life insurance cannot be added at retirement; it must be in place prior to termination of employment.

Retirees must be continuously insured either as an active, vested, or retired member. That is, the retired member cannot have a gap between the last date on the payroll and the date the insurance premium payments begin as a retiree.

Plan Changes are not allowed at retirement, however retirees may change plans during any Option Period.

Dependents may not be added after retirement unless one of the following qualifying events occurs:

- Spouse or dependent under age 26 loses other group insurance,
- Retiree adopts or gains legal guardianship of a child (up to age 26), or
- Retiree gets married.

A new spouse and any eligible dependents must be added within 30 days of the qualifying event. Dependents cannot be added at a later date.

A retiree may defer (transfer) insurance coverage to an active spouse's account as a dependent, if currently enrolled in coverage through EGID. Life insurance must be kept in the retirement account. The spouse MUST contact his/her employer to add the retiree to his/her coverage as a dependent. The retired member may return to his/her retirement account at any time by completing a new *Application for Retiree Insurance*.

A retired member may keep all or part of the life insurance carried while actively employed including Supplemental life. Life insurance must be kept in $5,000 increments. Any dependent life insurance in force may also be continued at retirement. Dependent life must be kept in $500 increments.

OPERS pays $105.00 toward the cost of the monthly health insurance premium for each retired member of OPERS who retains health insurance coverage with EGID. The retiree must pay the balance of the

monthly health insurance premium plus any dependent coverage premiums. This insurance premium payment made by OPERS does not apply to surviving joint-annuitants receiving benefits.

A member may send in a written request to terminate coverage. All written requests will go into effect the first day of the month following receipt of notification.

Refer to the following section for instructions on insurance coverage for retirees of OPERS who return to work for an employer participating in the Group Insurance Plan.

CHAPTER 18: INSURANCE FOR RETIREES RETURNING TO WORK

If a retiree who has retained health insurance coverage is returning to active employment of at least 1,000 hours per year, or is not classified as seasonal or temporary, as determined by the employing agency, their retirement insurance coverage will be put on hold and they will become an active employee through the employing agency. A member cannot carry insurance as both a retiree and as an active employee.

If a retiree who has retained any insurance coverage is returning to work for less than 1,000 hours per year or is classified as seasonal or temporary, as determined by the employing agency, they will not be entitled to insurance as an active employee through the agency, and premiums will continue to be deducted from their monthly benefit payment. In the event they reach the maximum salary allowable and their retirement benefits are discontinued, the member may elect to be billed directly for the monthly premiums or they may elect to pay premiums through an automatic draft from a checking account.

A retiree who returns to active employment but does not retain health insurance upon retirement must work an additional three years to qualify for retaining any insurance benefits not retained upon the original retirement when the member returns to retirement.

Re-employed current employees over the age of 65 may carry more than the basic life coverage. They may carry any amount of supplemental life coverage for which they qualify, based on health status and plan limits.

To obtain insurance, a copy of the insurance form must be sent to EGID.

All questions about insurance coverage should be addressed to the Employees Group Insurance Division (EGID) of the Office of Management and Enterprise Services at the address and telephone number below.

3545 NW 58th Street, Suite 110
Oklahoma City, OK 73112
Tel. (405) 717-8747
1-800-543-6044

www.HealthChoiceok.com

Chapters 17 and 18 are provided courtesy of EGID.

CHAPTER 19: POST-RETIREMENT EMPLOYMENT

19.1 INTRODUCTION

Some OPERS retirees choose to return to the workplace after they retire. Returning to work with an employer that does not participate in OPERS will not affect the receipt of a retiree's benefit. However, returning to work for an employer who participates in OPERS may affect a retiree's benefits. An OPERS retiree may not enter in to any employment agreement with the OPERS employer under which they retired for a period of at least one year following the date the retiree leaves employment and continue to receive benefits from OPERS. Retirees who choose to return to work with a participating OPERS employer should understand the following:

- If a retiree returns to work during the first month after the retirement date, his or her retirement will be canceled.
- If a retiree wishes to return to work with the same employer he or she retired from, the member will be required to waive benefits [See *Waiver of Retirement Benefits While Working* on the following page] or wait one year. This also applies to contract employees and those employed through a third party.
- It is a direct violation of Internal Revenue Service (IRS) provisions for an employer to make an agreement with an employee permitting the employee to retire and then be rehired by the same employer. Such a retirement is considered a sham retirement under IRS guidelines. An OPERS retiree may go to work for a different participating employer after the first month of retirement.
- If a retiree returns to work with a participating OPERS employer, he or she must participate in OPERS by paying retirement contributions no matter how many hours the retiree works or the nature of the work (temporary, seasonal, permanent, etc.).[1] Participation must begin on the first day of the return to employment. Retirees will also be required to complete the *Post Retirement Employment* form (Form 515-117B) upon returning to work.
- A retiree continues to accrue service credit while he or she works for a participating employer. The additional credit may increase his or her retirement benefits.

OPERS accumulates reported earnings on the basis of the date the earnings are received or paid, not the date the work took place. Earnings paid on December 30, 2013, are added to the earnings of calendar year 2013. Earnings paid on January 3, 2014, are added to earnings for calendar year 2014 even if all the work took place in 2013.

[1] A member does not have to participate in OPERS if he or she is an independent contractor employed by a participating OPERS employer. The determination of whether or not a member is an independent contractor for the purpose of participation in OPERS will be made solely by OPERS. Errors in participation must be paid by the employer.

Upon returning to work, the retiree must choose to either: A) continue receiving benefits, or B) waive the receipt of monthly benefits.

A. Continuation of Retirement Benefits While Working

A retiree who returns to work with a participating OPERS employer may continue to receive his or her benefits while working. However, for 2013, if a retiree is younger than their full Social Security retirement age, benefits will cease if his or her salary exceeds the allowed earnings during the calendar year. Once a retiree's salary exceeds the allowed earnings, his or her benefits will not be paid for the remainder of the calendar year or until his or her employment terminates. A retiree's benefit will begin again at the beginning of the next calendar year and continue until his or her salary meets the allowed earnings restriction for that calendar year or until his or her employment terminates. The allowed earnings are established by the Social Security Administration for each calendar year. (For 2013, the allowed earnings limit for retirees is $40,080 up to the month the retiree reaches full Social Security retirement age and $15,120 for retirees under full Social Security retirement age.)

2013 Allowed Earnings For Retirees Younger Than Their Full Social Security Retirement Age
***$15,120 per year**

*If you will reach your full Social Security retirement age in 2013, your allowed earnings limit is $40,080.00 up to the month you reach full Social Security retirement age.

Each month a retiree works for a participating OPERS employer and contributes to OPERS, the retiree accrues service credit. Every additional 12 months of full-time-equivalent service (2,076 hours) accrued will increase a retiree's benefits. The retiree's benefit will be automatically increased effective January 1st of each year if he or she has accrued 12 months of full-time-equivalent service as of the end of the previous fiscal year (July 1st through June 30th). Increased benefits are based upon the compensation earned and hours accrued with the participating OPERS employer during the time the additional service credit was accrued. The retiree is not required to cease employment or make application to receive the increased benefits.

B. Waiver of Retirement Benefits While Working

A retiree can decide to totally stop receiving his or her retirement benefits while employed with a participating OPERS employer. In such a case, no earnings limitations apply and the retiree may retire for a second time after accruing 36 consecutive months of full-time-equivalent service credit (6,228 hours). All of the retiree's service credit (before and after retirement) will be recomputed based upon the law governing OPERS at the time of the retiree's **second** retirement. When the retiree retires the second time, he or she may also re-select a retirement option. Retirees who return to work and waive their benefits but do not work the 36 months required to re-retire will receive additional benefits calculated under the method used for retirees who received benefits while working (Choice 1). IMPORTANT: Members electing the Medicare Gap Benefit Option may not waive benefits and retire a second time.

19.2 POST-RETIREMENT EMPLOYMENT (Form 515-117B)

Any retiree returning to work for a participating employer shall make contributions to OPERS and the employer shall do likewise. Contributions must be paid on all reemployment salary earned except contract labor. This includes all seasonal, temporary, and part-time work with a participating employer. The Retirement Coordinator is required to complete and submit Form 515-117B immediately. On this form, the retiree must elect to either waive the receipt of retirement benefits while he or she is working or choose to receive benefits while working. Employers are required by state law to pay the full cost (employer and employee cost) for all errors in participation.

PARTICIPATING EMPLOYERS ARE REQUIRED BY LAW TO NOTIFY OPERS WHEN A RETIREE RETURNS TO WORK. USE FORM 515-117B TO DO SO.

19.3 CONTRACT EMPLOYMENT

Though neither notice of reemployment (515-117B) nor retirement contributions are necessary for contract employees, all contract employees must submit a copy of their employment contract to OPERS office for approval in advance of performing the contract employment (Attorney General Opinion # 74-151). The nature of the relationship between the participating employer and the retiree will be reviewed carefully to avoid abuse. The retiree must be in a true contract labor situation, with no benefits, no insurance, no paid leave or holidays, no Workers' Compensation coverage and must pay self-employment taxes (i.e. no employer paid FICA, etc.). With few exceptions, state agencies (not including local government employers) may not place an OPERS retiree on contract until an entire year has passed after the member's retirement. (See 74 O.S. §85.42, as may be amended.) Members cannot, at any time, pay back contributions on this employment for additional service credit.

19.4 TERMINATION OF POST-RETIREMENT EMPLOYMENT (Form 515-178)

This form must be completed, signed by the retiree and the coordinator, and submitted to OPERS when a retiree who has returned to work for an agency ends his or her reemployment. Prompt submission of this form is especially important for retirees who only wish to work up to the maximum allowed earnings each year. If we receive this form, we will not have to wait for receipt and processing of your payroll report to know whether or not a retiree has exceeded the allowed earnings and will be able to issue the retirement check on time.

CHAPTER 20: BENEFICIARY DESIGNATION

When a new employee is enrolled in OPERS, he or she is required to designate a primary and a contingent beneficiary on the *Active Member Designation of Beneficiary* (Form 515-116AV). The designation of a beneficiary is extremely important because it allows OPERS to pay death benefits upon the member's death.

Please encourage members to keep their beneficiary designations current.

It is very important members provide complete legal names and addresses of the beneficiaries they designate and provide their relationship to the beneficiary. It is also important members keep their beneficiary designation current. Members can also use the *Active Member Designation of Beneficiary* (Form 515-116AV) to update or change their beneficiaries during their career.

OPERS encourages all members to designate adults as beneficiaries. However, the Uniform Transfers to Minors Act permits payments to adult custodians or to banks and trust companies on behalf of minors who are named beneficiary of a deceased member of OPERS. Contact OPERS for instruction to make such a beneficiary designation.

Members may designate one person or multiple persons as primary beneficiaries, but should be aware OPERS will offer a spouse the survivor benefit under Option B first if the member is eligible to retire or vest at his or her death. If the spouse elects a survivor benefit, all other primary beneficiaries are precluded from receiving a benefit. If the spouse elects not to receive a survivor benefit he or she must be a named beneficiary to receive the member's accumulated contributions. If more than one beneficiary is named, the contributions will be distributed in equal proportions unless the member designated specific percentages to be paid to the beneficiaries.

Beneficiary Designations: Retired Members

Retired members may designate a person or multiple persons as beneficiaries for the $5,000 death benefit. The member may designate the amount to go to each beneficiary. OPERS will supply the *Designation of Beneficiary Form for Retired Member Death Benefits* (Form 515-116D) before retirement and upon the retired member's request at any time after retirement. Those who have retired and chosen Option C can change their Option C beneficiaries at any time using the *Option C Designation of Beneficiary* (Form 515-116C).

Trust as Beneficiary

Active members can name a trust as beneficiary. However, to make a valid beneficiary designation of a trust, a member must fill in the actual name of the trust and the date of the trust in the space for naming the beneficiary. Though a member can designate a revocable trust as beneficiary for receipt of the accumulated contributions upon his or her death, the member cannot name a revocable trust as a joint-annuitant under Option A or B at retirement. (See CHAPTER 13: RETIREMENT OPTIONS.)

CHAPTER 21: BENEFICIARY CHANGES

21.1 CHANGE OR DESIGNATION OF BENEFICIARY

Certain events in life may create the need for a change of beneficiary such as marriage, divorce, birth of children, death, etc.

The Retirement Coordinator should provide the *Designation of Beneficiary* (Form 515-116AV) to any member choosing to make change in beneficiary. The form should be carefully completed, providing the Social Security numbers of all designated beneficiaries, and signed and dated. **Inform the member the change is not effective until OPERS receives the form.**

Please note, a change of a member's insurance or deferred compensation beneficiary has no effect on the retirement beneficiary.

21.2 DIVORCE

Divorce voids the designation of a spouse as the member's beneficiary. A member may designate a divorced spouse as his or her beneficiary but is still required to complete a new *Designation of Beneficiary* form, dated **after** the date of the divorce decree, naming the former spouse as beneficiary.

CHAPTER 22: BENEFITS UPON THE DEATH OF AN ACTIVE OR VESTED MEMBER

OPERS provides for two types of death benefits upon the death of an active or vested member:

A. *If a member is eligible to retire or vest at the time of his or her death*, a monthly survivor benefit is available to the legal surviving spouse and is available only if no benefits previously have been paid. The spouse will be offered survivor benefits in the form of Option B, as described in the Member Handbook, regardless of whether the member named his or her spouse as a beneficiary. Retirement benefits may begin when the deceased member would have been eligible for normal or early retirement. If the spouse declines the survivor benefit or the member was not married at the time of death, the member's accumulated contributions will be paid as a lump-sum distribution to his or her named beneficiaries.
B. *If the member is not eligible to retire or vest at the time of death*, a lump-sum distribution of his or her accumulated contributions will be paid to the named beneficiaries.

NOTE: If a member is making a purchase through the installment payment plan at the time of death, the member's survivor has the option to pay the remaining balance within six months. (See 9.6 Installment Payment Plan.)

22.1 TAXATION OF DISTRIBUTION OF A MEMBER'S ACCUMULATED CONTRIBUTIONS

Distribution of accumulated contributions to a member's designated beneficiary is subject to taxation. If a beneficiary elects direct payment of the taxable amount, OPERS is required to withhold 20% federal tax and 5% state tax for Oklahoma residents. Nontaxable contributions are not subject to federal and state income tax withholding.

If the beneficiary elects to roll over the contributions to a traditional IRA or inherited traditional IRA, the taxation of the taxable amount is deferred until the contributions are ultimately distributed. A rollover to a Roth IRA or inherited Roth IRA is taxable to the beneficiary, but OPERS does not withhold the tax. Spouse beneficiaries may elect to roll over the benefit to a traditional IRA, and inherited traditional IRA, a Roth IRA or an inherited Roth IRA. Non-spouse beneficiaries may only roll over the benefit to an inherited traditional IRA or an inherited Roth IRA.22.2 BENEFICIARY'S APPLICATION FOR DEATH BENEFIT (FORM 515-123E)

In the event of the death of an active member, contact OPERS **as soon as possible**. After you have reported the death we will send you Form 515-123E, *Employer Certification*. When you receive this form, complete and return to OPERS as soon as possible. We will then notify the named beneficiaries (or the spouse, if applicable). We will provide them with the current form to complete and request a certified copy of the death certificate. If the deceased member was married, OPERS will also request a copy of the marriage license.

CHAPTER 23: PROBATE WAIVERS

If a member dies, leaving no living beneficiary or having designated his or her estate as beneficiary, OPERS may require the judicial appointment of an administrator or executor for the member's estate prior to payment of any benefits or unpaid contributions. This requirement may be waived for payments in an amount of $25,000 or less upon presentation of all of the following:

A. The member's valid last will and testament, trust documents or affidavit indicating a will does not exist;

B. Form 515-197, *Application for Probate Waiver, Affidavit of Heirship and Hold Harmless Agreement*; and,

C. Form 515-198, *Corroborating Affidavit of Heirship for Probate Waiver.*

If there is any question as to the validity of any document herein required, the judicial appointment shall not be waived.

CHAPTER 24: BENEFITS UPON THE DEATH OF A RETIRED MEMBER

24.1 $5,000 DEATH BENEFIT

Upon the death of a retired member, OPERS will pay $5,000 to the designated beneficiary of the member or to the estate of the member if there is no living beneficiary. This death benefit will be paid in addition to: 1) any excess employee contributions provided to a beneficiary; or, 2) Option A, B, or C payments to a joint-annuitant or beneficiary.

In the case of a non-spouse beneficiary, OPERS will supply Form 515-171, *Beneficiary's Application for Death Benefit, Retired Members, Non-Spouse Beneficiary*, to be used in claiming the $5,000 benefit when OPERS is notified of the retiree's death. When the retiree's spouse was named as beneficiary, OPERS will send Form 515-171S, *Beneficiary's Application for Death Benefit, Retired Members, Spouse Beneficiary. Beneficiaries may also choose to have the death benefit assigned to a funeral home of their choice.*

24.2 TAXATION

Distribution of the $5,000 death benefit and any excess employee contributions to a member's designated beneficiary is subject to taxation. OPERS is required to withhold 20% federal tax and 5% state tax for Oklahoma residents. A designated beneficiary may disclaim interest in and to the death benefit and assign and transfer the benefit to a funeral home; however, the assignment of the death benefit may not allow the beneficiary to avoid such income for federal tax purposes.

If the beneficiary elects to roll over the benefit to a traditional IRA or inherited traditional IRA, the taxation of the benefit will be deferred until it is ultimately distributed. A rollover to a Roth IRA is taxable, but OPERS does not withhold the tax. Spouse beneficiaries may elect to roll over the benefit to a traditional IRA, an inherited traditional IRA, a Roth IRA or an inherited Roth IRA. Non-spouse beneficiaries may only roll over the benefit to an inherited traditional IRA or inherited Roth IRA.

24.3 ADDITIONAL DISTRIBUTIONS

The following situations describe other distributions which may be payable upon the death of a retiree.

> **Situation 1**: **If the retiree elected to receive the Maximum retirement benefit, all benefits cease on the last day of the month in which death occurs**. The last benefit payment issued on the last working day of the month in which the retiree died, if not already paid to the member, will be paid to the member's estate, or to the member's beneficiary if there is no estate.

However, OPERS will pay the retiree's designated beneficiary or estate if the amount of contributions paid into OPERS by the deceased retiree are in excess of the total benefits received before death. An *Application for Payment of Accumulated Contributions in Excess of Retirement Benefits Paid* (Form 515-125) will be sent to the retiree's beneficiary. This application will show the balance remaining between the total amount of contributions paid to OPERS by the retiree, and the total amount of retirement benefits paid to the retiree during his lifetime.

Situation 2: If the retiree elected to receive a benefit in the form of **Option A, B, or C**, the **joint-annuitant or beneficiary** will receive a benefit only when OPERS receives a certified copy of the deceased retiree's Certificate of Death. The amount and duration of the benefit to be received will depend upon the option elected. (See CHAPTER 13: RETIREMENT OPTIONS.)

24.4 APPLYING FOR RETIRED MEMBER DEATH BENEFITS

Upon the death of a retired member, the member's next of kin must contact OPERS. OPERS will supply an Application for Death Benefits to the member's designated beneficiary. The designated beneficiary must send the completed Application for Death Benefits along with any requested documents (e.g. certified death certificate) to OPERS.

CHAPTER 25: HAZARDOUS DUTY PROVISIONS

25.1 MEMBERSHIP

For the purpose of this Chapter, the term "member" or "hazardous duty (HD) member" refers to Correctional Officers, Probation and Parole Officers, and Fugitive Apprehension Agents.

Certain job classifications generally referred to as "Correctional Officers, Probation and Parole Officers and Fugitive Apprehension Agents" are eligible for the benefits described in the following paragraphs. For the complete and detailed description of benefits, please refer to the *Member Handbook.* Specifically, the benefits described and the term "hazardous duty member" apply to the following job classifications:

Correctional Security Officer, I10A	Correctional Chief of Security, I12C
Correctional Security Officer, I10B	Probation & Parole Officer, I40A
Correctional Security Officer, I10C	Probation & Parole Officer, I40B
Correctional Security Officer, I10D	Probation & Parole Officer, I40C
Correctional Security Manager, I11A	Probation & Parole Officer, I40D
Correctional Security Manager, I11B	Fugitive Apprehension Agents, I17A
Correctional Chief of Security, I12A	*Oklahoma Military Department Firefighters*
Correctional Chief of Security, I12B	*(see section 25.11)*

Each new OPERS member begins participation on the first day of the month immediately after the beginning date of employment, provided all three requirements in *CHAPTER 3: ELIGIBILITY* are met.

A Department of Corrections (DOC) employee who was in one of the above DOC job classifications on June 30, 2004, or was first hired into one of these classifications after that date and has at least five years of participating service in one of these classifications must continue to participate in the Hazardous Duty benefit provisions of the retirement system after promotion, transfer, or reclassification to another position in DOC. For such employees, continued participation in the Hazardous Duty plan is mandatory, not optional, and must continue as long as they are employed by DOC. (See OAC 590:10-8 of the OPERS administrative rules for further details.) **The Department of Corrections will be liable for payment of the employee's retirement contributions if the required Hazardous Duty retirement contributions are not withheld from the employee's compensation and paid to OPERS.**

25.2 CONTRIBUTIONS

The employer currently contributes to OPERS an amount equal to 16.5% of each member's compensation per month. Each member who is eligible to participate in OPERS will contribute to OPERS 8% of his or her compensation per month.

The contribution rate shown below is required for a maximum of 20 years of hazardous duty participating service. After a member has contributed at the higher rate for 20 years, he or she will begin contributing at the non-hazardous duty rate.[13]

Hazardous Duty Contribution Rates

Member	Employer	Total
8%	16.5%	24.5%

25.3 PURCHASE OF INCENTIVE CREDIT

Active, participating members of OPERS may purchase no more than two years of age and/or participating service combined. The requirements to qualify for the purchase of incentive credit can be found in CHAPTER 9: REINSTATING, PURCHASING, AND TRANSPORTING SERVICE CREDIT. A member cannot purchase incentive service towards becoming eligible to retire with 20 years of hazardous duty service. A member can purchase incentive age and/or service credit (at the non-hazardous duty rate) to use toward early retirement or normal retirement.

25.4 ELIGIBILITY FOR RETIREMENT

The type of retirement chosen by a member, whether Normal, Early or Disability, may not be changed after the member's date of retirement. The only exception is the change from Early to Disability Retirement for qualifying members.

Normal Retirement

Members become eligible for full, unreduced (normal) retirement benefits by meeting certain age and service requirements depending on when membership in OPERS began.

A. **Twenty full years** of full-time-equivalent employment in the Hazardous Duty plan; or

B. For members who initially joined OPERS **before November 1, 2011:**

- **Age 62** – Full, unreduced retirement benefits when the member reaches at least age 62 with six full years of full-time-equivalent employment[14]; or
- **80 Points** – Full, unreduced retirement benefits when the sum of the member's age and years of service equals 80 and membership began before July 1, 1992[15];or
- **90 Points** – Full, unreduced retirement benefits when the sum of the member's age and years of service equals 90 and membership began after June 30, 1992.

[13] This is not true for Oklahoma Military Department firefighters, who continue to contribute 8% and accumulate hazardous duty service after 20 years.

[14] In this scenario, a member only needs six full years of full-time-equivalent employment **and** must be actively employed with a participating OPERS employer at the applicable age to become eligible for normal retirement.

[15] Members who were continuously employed by an entity or institution with the Oklahoma State System of Higher Education prior to July 1, 1992, who, within 30 days of termination, become employed with an OPERS participating employer are eligible to retire when their age plus service equals the number 80. Contact OPERS for more information.

C. For members who initially joined OPERS **on or after November 1, 2011:**

- **Age 65** – Full, unreduced retirement benefits when the member reaches at least age 65 with six full years of full-time-equivalent employment[16]; or
- **90 Points** – Full, unreduced retirement benefits when they are at least 60 years of age and the sum of their age and years of service equals 90.

Employees who became members of OPERS prior to January 1, 1983, are not required to have the minimum six years of full-time-equivalent employment. Employees who became members of OPERS on or after January 1, 1983, must have six years of full-time-equivalent participating employment with any participating OPERS employer.

To retire, an employee must file a completed *Retirement Notice and Application for Hazardous Duty Members* (Form 515-117HD) with OPERS at least 60 days prior to his or her retirement date and terminate employment.

Early Retirement (amount of benefit reduced according to age - see Table 1: Early Retirement Reduction Factors)

Members become eligible for permanently reduced (early) retirement benefits by meeting certain age and service requirements also depending on when membership in OPERS began.

A. Members who initially joined OPERS **before November 1, 2011:**

- **Ages 55 to 62** – Reduced retirement benefits on the first day of the month coinciding with or following the member's **55th** birthday or any subsequent month up to **age 62** provided the member has at least 10 years of participating service.

B. Members who initially joined OPERS **on or after November 1, 2011:**

- **Ages 60 to 65** – Reduced retirement benefits on the first day of the month coinciding with or following the member's **60th** birthday or any subsequent month up to **age 65** provided the member has at least 10 years of participating service.

All members must have:

A. At least 10 years of participating service;

B. Completed a *Retirement Notice and Application for Hazardous Duty Members* (Form 515-117HD) and filed it with OPERS at least 60 days before the date retirement benefits are to begin; and,

C. Terminated employment.

[16] In this scenario, a member only needs six full years of full-time-equivalent employment **and** must be actively employed with a participating OPERS employer at the applicable age to become eligible for normal retirement.

25.5 RETIREMENT BENEFIT CALCULATION FOR HAZARDOUS DUTY MEMBERS

The benefit formula for those hazardous duty members retiring on or after January 1, 2004, is:

2.5% of the final average compensation (highest three out of the last 10 years of participation, including three highest longevity payments*), multiplied by the number of years of hazardous duty service (not to exceed 20 years for DOC members), **plus** 2.0% of the final average compensation multiplied by the number of years of service in excess of 20 years as a hazardous duty member and any other service which is not service as a hazardous duty member.

OPERS will use the highest three out of the last 10 years of participating salaries to calculate benefits for both hazardous duty service and non-hazardous duty service*.

(NOTE: Only full years of credited hazardous duty service will be computed at the 2.5% level. Any months in excess of a full year will be added to the service calculated at the 2.0% level.)

25.6 RETIREMENT BENEFIT CALCULATION FOR FORMER HAZARDOUS DUTY MEMBERS

Former hazardous duty members who retire from a non-hazardous duty position (not paying 8% contribution rate) receive benefits based upon a bifurcated formula. The benefits are then added together to determine the total benefit. The final average compensation used to calculate all service credit (both 2.5% and 2.0%) will be the highest three out of the last 10 years of participating service*.

25.7 RETIREMENT OPTIONS

Four different retirement options are available to retiring members: Maximum, Option A, Option B, and Option C. A description of each option is provided in CHAPTER 13: RETIREMENT OPTIONS.

25.8 RETIREMENT NOTICE AND APPLICATION FOR HAZARDOUS DUTY MEMBERS (Form 515-117HD)

This *Retirement Notice and Application for Hazardous Duty Members* may be used only by those members who are:

- Correctional Officers;
- Probation and Parole Officers;
- Fugitive Apprehension Agents with the Oklahoma Department of Corrections; or
- Oklahoma Military Department Firefighters
- Post Hazardous Duty Members with 20 Years FTE Employment at DOC

*For members who join on or after July 1, 2013, final average compensation will be calculated using the highest five of the last ten years instead of the highest three years.

25.9 IN-THE-LINE-OF-DUTY BENEFIT

A monthly pension shall be paid on behalf of any member who is an employee with the Department of Corrections and who is killed or mortally wounded during the performance of his or her duties for the Department. The monthly benefit will be calculated by multiplying the member's final average compensation by 2.5%; then by the actual number of years of service OR 20 years of service, whichever is greater; and then dividing by 12.

The monthly benefit will be paid to the surviving spouse for life. In the event there is no surviving spouse or upon the death of the surviving spouse, the benefit will be paid to:

A. The surviving child or children of said member or the legal guardian for such time as the child or children are under the age of 18 years; or to

B. The surviving child or children between the age of 18 and 22 years if the child is enrolled full time in and is regularly attending a public or private school or any institution of higher education.

25.10 FUGITIVE APPREHENSION AGENTS (FAA)

Effective July 1, 2002, "fugitive apprehension agents" are included in the hazardous duty provisions for the Department of Corrections. These employees began contributing at the higher rate and will have their FAA service after July 1, 2002, calculated at 2.5%. They may convert their FAA service prior to July 1, 2002, to 2.5% by paying the difference between their paid contributions and what they would have paid at the higher rate, plus 10% interest compounded annually. This conversion can be purchased any time before retirement.

25.11 OKLAHOMA MILITARY DEPARTMENT (OMD) FIREFIGHTERS

Oklahoma Military Department (OMD) firefighters who began employment July 1, 2002, or after, are considered "hazardous duty" members. They are the only hazardous duty members who are NOT employees of the Oklahoma Department of Corrections. The retirement provisions are different on several points for OMD firefighters, and here are the main differences:

A. After they accumulate 20 years of hazardous duty service, OMD firefighters continue to pay 8% contribution rate and accumulate years of service at a 2.5% computation factor.

B. Unlike DOC employees, OMD firefighters may not continue in the hazardous duty provisions if they transfer to a different position within their agency.

C. OMD firefighters are not entitled to the "in the line of duty" benefit, as described in section 25.9.

CHAPTER 26: LEGISLATIVE SESSION EMPLOYEES

Employees of the Oklahoma House of Representatives, the Oklahoma State Senate, and the Legislative Services Bureau who work only during legislative sessions (legislative session employees) may elect to participate in OPERS. The decision to participate in OPERS is irrevocable, meaning a legislative session employee who chooses to participate in OPERS must participate during all subsequent regular legislative sessions. An employee who chooses not to participate in OPERS is prevented from participating as a session employee during all subsequent sessions.

The first time legislative session employees were eligible to join and participate in OPERS was the 1989 legislative session.

Each legislative session employee who chooses to participate in OPERS does so only during regular legislative sessions (February through May). Legislative session employees cannot participate during extraordinary legislative sessions or interim periods.

Legislative session employees are generally treated like regular state and local government employees with the following exceptions:

A. **Service Credit** – Participation for a full regular legislative session is counted as six months of full-time participating service.
B. **Retirement Eligibility** - Session employees become eligible for full, unreduced (normal) retirement benefits by meeting one of the following depending on when membership in OPERS began:

    - For members who initially joined OPERS **before November 1, 2011**, normal retirement benefits are attained at 62 with six full regular legislative sessions or under the Rule of 80/90.
    - For members who initially joined OPERS **on or after November 1, 2011**, normal retirement benefits are attained at age 65 with six full regular legislative sessions or under the Rule of 90.

C. **Vesting** - The minimum amount of service a legislative session employee must have to be eligible to vest their retirement benefits upon termination of employment is eight full regular legislative sessions. Such an employee can only receive normal retirement benefits.
D. **Unused Sick Leave** – Legislative Session Employees do not qualify for unused sick leave service credit.

CHAPTER 27: ELECTED OFFICIALS

27.1 MEMBERSHIP

State and county elected officials are eligible for membership in OPERS. Municipal elected officials (e.g. city clerks) cannot participate in OPERS as elected officials, but must participate as non-elected members if they meet the non-elected member eligibility requirements.

Membership in OPERS is not mandatory for eligible elected officials. Within 90 days after the elected official takes office, he or she must complete Form 515-157, *Participation Election Form for Elected Officials*. On this form, an elected official will indicate whether he or she wishes to participate in OPERS. Any elected official who does not complete and timely submit Form 515-157 will be considered as having made the choice to participate in OPERS. If the elected official does not complete the participation election form within the allowed 90 days, the Retirement Coordinator must contact OPERS immediately. Elected officials must also be enrolled online.

Choosing to participate (or being considered as having chosen to participate) in OPERS is irrevocable for elected officials. Elected officials begin participation in OPERS on the first day of his or her term of office. Elected officials must continue membership throughout the term of office or any subsequent terms of office or any employment with a participating OPERS employer. Furthermore, the rate at which the elected official chose to participate cannot be changed as long as he or she holds the particular office.

27.2 CONTRIBUTIONS

Officials elected prior to November 1, 2011, selected a contribution rate and corresponding computation factor used to determine the official's retirement benefits. Officials elected on or after November 1, 2011 may only participate at the indicated contribution rate and computation factor. The contribution rates are given in the table below.

State & County Elected Official and Employer Contribution Rates

	OPERS CODE	ELECTED OFFICIAL RATE	EMPLOYER RATE	TOTAL CONTRIBUTION
Members first elected or appointed before November 1, 2011	**A**	4.5%	16.5%	21.0%
	B	6.0%	16.5%	22.5%
	D	7.5%	16.5%	24.0%
	Q	8.5%	16.5%	25.0%
	E	9.0%	16.5%	25.5%
	Y	10.0%	16.5%	26.5%
Members first elected or appointed on or after November 1, 2011	**S**	3.5%	16.5%	20.0%

Elected officials initially elected or appointed between November 1, 2010, and October 31, 2011, may only participate at the 4.5% or 10.0% contribution rates and 1.9% and 4.0% computation factors, respectively.

27.3 INCREASE OF CONTRIBUTION RATE

In certain cases, elected officials may increase the rate of contributions they previously paid into OPERS. An elected official may increase the contribution rate paid on elected service which occurred prior to December 1, 1999. The contribution rate may only be increased to the level the official is currently paying. The cost will be the difference in contribution that would have been paid on the elected salaries earned prior to December 1, 1999 plus 10% interest per year. Elected Officials may make payment in a lump sum or through amortized payments over a period of up to 60 months with an annual interest rate of 7.5% (See 9.5 Installment Payment Plan), or by a pre-tax rollover or transfer from a qualified plan or IRA. For the amount of payment required and payment method details, contact OPERS.

27.4 2.5% STEP-UP

In 2011, legislation was enacted providing elected officials first elected or appointed to elected office on or after November 1, 2011, were subject to the same contribution rates and benefit computation factors as state and local government members of OPERS. In 2012, participation in the 2.5% Step-Up Program was extended to newly elected or appointed members.

Members may make an irrevocable election to increase or “step-up” their benefit computation factor from 2.0% to 2.5%. Members are required to make an additional retirement contribution to “step-up” their retirement benefit. Currently, this actuarially determined amount is an additional 2.91% of the compensation for retirement purposes. To determine the Step-Up contribution rate, add an additional 2.91% to the current retirement contribution rate. These rates could change in the future.

For more information about Step-Up, see Section 14.7.

27.5 CREDITED SERVICE

Prior Service Credit

Prior service is the period of a member's employment with an eligible employer before the employer's entry date into OPERS and certain military service. The monthly benefit paid for prior service is equal to the benefit paid for all other service provided the official has at least six full years of participating service or at least six years of participation as an elected official if elected or appointed after July 1, 1990.

Military Service

A maximum of five years of credited service will be granted for honorable active wartime military service prior to membership in OPERS. For a detailed explanation of the creditable periods of military service, see CHAPTER 8: MILITARY SERVICE CREDIT. The monthly benefit paid for military service is equal to the benefit paid for all other service provided the official has at least six full years of participating service or at least six years of participation as an elected official if elected or appointed after July 1, 1990.

Eligible military service is free for members joining OPERS prior to July 1, 2000. Members joining OPERS after June 30, 2000, may purchase eligible military service at actuarial cost.

Repayment of Withdrawn Contributions

An elected official may choose to repay contributions through an installment payment plan for a reinstatement of previous service lost through a withdrawal from OPERS. Payments can be amortized over a period of up to 60 months with interest at an annual percentage rate of 7.5%, paid in a lump sum, or paid by rollover or transfer of pre-tax funds from a qualified plan or IRA.

Transport of Service Credit from Oklahoma Teachers Retirement System

An elected official may transport service credit from the Oklahoma Teachers Retirement System in the same manner as described in Section 9.5 of this Manual.

27.6 ELIGIBILITY FOR RETIREMENT

Normal Retirement

Members become eligible for full, unreduced (normal) retirement benefits by meeting one of the following depending on when membership in OPERS began:

A. Members who were initially elected or appointed **before November 1, 2011**

- **Age 60** – Full, unreduced retirement benefits on the first day of the month coinciding with or following the official's 60th birthday with six years of full-time-equivalent participation; or
- **80 Points** – Full, unreduced retirement benefits when the sum of the official's age and years of service equals 80.

B. Members who were initially elected or appointed **on or after November 1, 2011**

- **Age 62** – Full, unreduced retirement benefits on the first day of the month coinciding with or following the official's 62nd birthday with 10 years of full-time-equivalent participation as an elected official; or
- **Age 65** – Full, unreduced retirement benefits on the first day of the month coinciding with or following the official's 65th birthday with eight years of full-time-equivalent participation as an elected official.

Officials elected or appointed prior to July 1, 1990, must have a minimum of six full years of participating service, which includes elected service, earlier service as a regular employee, or transferred service to retire as an elected official. However, those who are elected or appointed to office after July 1, 1990, must have six years of service as an elected official to retire as an elected official.

Early Retirement

Members become eligible for permanently reduced (early) retirement benefits by meeting one of the following depending on when membership in OPERS began:

A. Members who were initially elected or appointed **before November 1, 2011**

- **Ages 55 to 62** – Reduced retirement benefits on the first day of the month coinciding with or following the member's **55th** birthday or any subsequent month up to **age 62** provided the member has at least 10 years of participating service. (See table 5, titled *EARLY RETIREMENT REDUCTION FACTORS – ELECTED OFFICIALS)*

B. Members who were initially elected or appointed **on or after November 1, 2011**

- **Ages 60 to 65** – Reduced retirement benefits on the first day of the month coinciding with or following the member's **60th** birthday or any subsequent month up to **age 65** provided the member has at least 10 years of participating service.

The percentage of reduction is determined by the official's actual age in years and months at the time of retirement.

27.7 RETIREMENT OPTIONS

Elected officials will select a retirement option when they retire. The retirement options available to elected officials include those described in Chapter 13 with one exception. An elected official's Maximum Benefit plan includes a one-half survivor benefit to the spouse. This one-half survivor benefit is payable to the official's surviving spouse, provided:

A. The elected official had six full years of participating service as an elected official if elected or appointed after July 1, 1990; and,
B. The official was married to the spouse for three continuous years preceding death.

Remarriage of the spouse at any time disqualifies him or her from receipt of the survivor's benefit under the Maximum Benefit plan.

27.8 ELECTION OF A VESTED BENEFIT

An elected official who has six full years of participating service and permanently terminates employment with any participating employer may elect a vested benefit or may elect to withdraw his or her accumulated contributions without interest.

27.9 SURVIVOR BENEFITS

The Retirement System provides for two types of death benefits upon the death of an active or vested elected official.

A. The first type of benefit is 50% of the Maximum Benefit the official would have received at retirement if he or she had at least six full years of participating service as an elected official and was married to his or her spouse for three continuous years immediately preceding death. Remarriage of the spouse terminates the benefit.

B. The second type of survivor benefit is in the form of Option B and will be offered to the spouse at the official's death, if the official was eligible to vest or to retire at the time of death.

The following type of benefit is only applicable if the official is not eligible to vest or retire at death, has no surviving spouse, or the surviving spouse declines a monthly benefit.

C. The third type of benefit is a lump-sum payment equal to the accumulated contributions and will be paid to the designated beneficiaries.

27.10 RETIREMENT NOTICE AND APPLICATION: ELECTED OFFICIALS (Form 515-117E)

This form may be used only by those members who are retiring from a position defined as an "elected official" in the OPERS statutes and have at least 6 full years of participation as an elected official. (See GLOSSARY OF RETIREMENT TERMS.)

This application is to be completed in the same manner as the regular Retirement Notice and Application (See CHAPTER 11.) with the following exceptions:

Part 3: TYPE OF RETIREMENT requires six full years of participation as an elected official if the individual became an elected official July 1, 1990, or after.

Part 4: TYPE OF BENEFIT consists of four different types of benefits as for all non-elected members, but please note, the maximum monthly benefit for elected officials includes an automatic 50% survivor benefit for the spouse of an elected official.

27.11 CALCULATION OF RETIREMENT BENEFITS: ELECTED OFFICIALS

Generally, the same guidelines for calculation of member benefits will be followed in determining the benefits for elected officials with the exceptions explained below. (See also CHAPTER 14: CALCULATION OF RETIREMENT BENEFITS.)

To calculate the benefit, the highest annual compensation earned as an elected official and upon which full retirement contributions have been paid will be multiplied by the computation factor for which contributions have been made. (See the Contribution Rate/Computation Factor Table.) The result is then multiplied by the number of years of elected credited service and divided by 12 months.

As mentioned in CHAPTER 14, legislation has been enacted changing the way retirement benefits are calculated for elected officials:

A. An elected member who was elected before August 22, 2008, and had non-elected service prior to becoming an elected official, will have all service (elected and non-elected) calculated using the applicable elected benefit computation factor.
B. An elected member who became a member of OPERS before August 22, 2008, but became an elected official on or after August 22, 2008, will also have all service calculated with the applicable elected computation factor. However, the member's annual retirement benefit may not exceed the member's highest annual compensation.
C. An elected member who first became a member of OPERS on or after August 22, 2008, will receive a retirement benefit which is the sum of two separate calculations: non-elected service

will be calculated using the non-elected computation factor and elected service will be calculated using the applicable elected computation factor.

D. In 2011, the legislature passed a bill providing that member first elected or appointed to elected office on or after November 1, 2011, will participate at the same contribution rate and have their benefits calculated using the same computation factor as other state and local government employees.

E. In 2012, the legislature eliminated the rounding of service credit for new members. Consequently, total credited service for elected officials first elected or appointed to elected office on or after November 1, 2011, shall be based on actual years and months of credited service without rounding up or down.

Listed below are the retirement benefit computation factors for each contribution category an elected official may select.

Contribution Rate/Computation Factor Table

	OPERS CODE	ELECTED OFFICIAL RATE	RETIREMENT BENEFIT COMPUTATION FACTOR
Members first elected or appointed before November 1, 2011	**A**	4.5%	1.9%
	B	6.0%	2.5%
	D	7.5%	3.0%
	Q	8.5%	3.4%
	E	9.0%	3.6%
	Y	10.0%	4.0%
Members first elected or appointed on or after November 1, 2011	**S**	3.5%	2.0%

Elected officials initially elected or appointed between November 1, 2010, and October 31, 2011, may only participate at the 4.5% or 10.0% contribution rates and 1.9% and 4.0% computation factors, respectively.

27.12 PARTICIPATING SERVICE AS A NON-ELECTED EMPLOYEE

The benefits of a member who has service credit as an elected official, but is retiring as a non-elected member, will be calculated in two parts, elected and non-elected, and then be added together to form one benefit. However, the monthly benefit will be calculated on the formula for non-elected participating service benefits if the benefit would be higher than the benefit calculated under the elected official formula for benefits. **If an elected official returns to participation as a non-elected official prior to retirement, he or she will not be eligible to retire as an elected official at age 60 with survivor benefits and will not have an opportunity to receive the Maximum benefit with the one-half survivor annuity.**

TABLE 5
EARLY RETIREMENT REDUCTION FACTORS ELECTED OFFICIALS

For members who were first elected or appointed before November 1, 2011

AGE	FACTOR
60 – 00 mo.	1.000
59 – 11 mo.	0.995
59 – 10 mo.	0.990
59 – 09 mo.	0.985
59 – 08 mo.	0.980
59 – 07 mo.	0.975
59 – 06 mo.	0.970
59 – 05 mo.	0.965
59 – 04 mo.	0.960
59 – 03 mo.	0.955
59 – 02 mo.	0.950
59 – 01 mo.	0.945
59 – 00 mo.	0.940
58 – 11 mo.	0.935
58 – 10 mo.	0.930
58 – 09 mo.	0.925
58 – 08 mo.	0.920
58 – 07 mo.	0.915
58 – 06 mo.	0.910
58 – 05 mo.	0.905
58 – 04 mo.	0.900
58 – 03 mo.	0.895
58 – 02 mo.	0.890
58 – 01 mo.	0.885
58 – 00 mo.	0.880
57 – 11 mo.	0.875
57 – 10 mo.	0.870
57 – 09 mo.	0.865
57 – 08 mo.	0.860
57 – 07 mo.	0.855
57 – 06 mo.	0.850

AGE	FACTOR
57 – 05 mo.	0.845
57 – 04 mo.	0.840
57 – 03 mo.	0.835
57 – 02 mo.	0.830
57 – 01 mo.	0.825
57 – 00 mo.	0.820
56 – 11 mo.	0.815
56 – 10 mo.	0.810
56 – 09 mo.	0.805
56 – 08 mo.	0.800
56 – 07 mo.	0.795
56 – 06 mo.	0.790
56 – 05 mo.	0.785
56 – 04 mo.	0.780
56 – 03 mo.	0.775
56 – 02 mo.	0.770
56 – 01 mo.	0.765
56 – 00 mo.	0.760
55 – 11 mo.	0.755
55 – 10 mo.	0.750
55 – 09 mo.	0.745
55 – 08 mo.	0.740
55 – 07 mo.	0.735
55 – 06 mo.	0.730
55 – 05 mo.	0.725
55 – 04 mo.	0.720
55 – 03 mo.	0.715
55 – 02 mo.	0.710
55 – 01 mo.	0.705
55 – 00 mo.	0.700

GLOSSARY OF RETIREMENT TERMS

The following words and phrases shall have the following meanings, unless a different meaning is plainly required by the context:

2.5% Step-Up – Allows members to increase their retirement benefits by paying an additional contribution each pay period. The Step-Up will increase the computation factor only on participating service accrued after the election and only for full years of participating service.

Accumulated Contributions - The sum of all employee contributions by a member to OPERS, which are credited to the member's account.

Actuary - The actuary or firm of actuaries employed by the Board at any given time to monitor the income and benefit structure of the System for the purpose of keeping the retirement fund sound and financially solvent.

Beneficiary - Any person, other than a joint-annuitant, named by a member to receive any benefits as provided by the laws governing the System. If there is no beneficiary living at the time of member-employee's death, his or her estate shall be the beneficiary. An eligible OPERS beneficiary does not have to be a natural person. For example, a member can name a trust or a funeral home as a beneficiary. Contact OPERS for instruction on how to properly designate a trust as beneficiary.

Board - The governing body of the System known as the Oklahoma Public Employees Retirement System Board of Trustees.

Compensation - All salary and wages, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer, but exclusive of payment of overtime, payable to a member of the System for personal services performed for a participating employer, including maintenance, or any allowance in lieu thereof provided a member as part of compensation but not including compensation or reimbursement for traveling, or moving expenses, or any compensation in excess of the maximum annual compensation. Longevity payments are included.

Coordinator, Retirement - The individual designated by each participating employer through whom System transactions and communication shall be directed.

Credited Service - The sum of participating service and prior service.

Early Retirement Date - The date on which a member may retire with permanently reduced retirement benefits as provided by the System.

Elected Official - A person elected to a state office in the legislative or executive branch of state government or a person elected to a county office (on or after July 1, 1988) for a definite number of years and an individual who is appointed to fill the unexpired term of an elected state official. County superintendents of schools are not considered elected officials.

Eligible Employer - The state and any county, county hospital, city or town, conservation districts, emergency medical districts, and any public or private trust in which a county, city or town participates and is the primary beneficiary, whose employees are covered by Social Security and are not covered by or eligible for another retirement plan authorized under the laws of the State of Oklahoma which is in operation on the initial entry date. Emergency medical service districts may join the system upon proper application to the Board.

Employee - Any officer or employee of a participating employer, whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year and whose salary or wage is equal to the monthly minimum wage for state employees. Those employees who are less than full time shall have wages equal to at least one-half that amount, but an eligible employee shall not include:

A. Any employee who is currently a contributing member of the United States Civil Service Retirement System; or,
B. Any employee who is currently a contributing member of another retirement plan authorized under any other law of the State for the same employment (other than an elected official).

Special Instances are:

A. The officers, appointees, or employees of the district attorney who are required to belong to OPERS unless they were employed in counties which had separate retirement systems and were enrolled in the county system and elected to remain in such county system in lieu of participating in OPERS. Effective July 1, 1981, all new employees of the District Attorney were required to belong to OPERS; and,
B. Effective July 1, 1982, employees of the Oklahoma Employment Security Commission who were ineligible for enrollment in the Employment Security Commission Retirement Plan were required to become members of OPERS January 1, 1987. Most Oklahoma Employment Security Commission employees and all new OESC employees were transferred to membership in OPERS.

Entry Date - The date on which an eligible employer joins the System. The first entry date pursuant to the statutes governing this System is January 1, 1964. All subsequent entry dates shall be the first day of January of a given year.

***Essential* OPERS** – A two-page reference for plan provisions. The *Essential*OPERS is to be given to all new members at enrollment. Specific versions are available for State and Local, Hazardous Duty, Elected officials and URSJJ members.

Executive Director - The managing officer of the System employed by the Board.

Final Average Compensation - The average annual salary, including amounts deferred under deferred compensation agreements entered into between a member and a participating employer and longevity payment. **Only salary for which the required contributions have been made may be used in computing the Final Average Compensation.**

A. Final Average Compensation for service rendered prior to July 1, 1994, is the average of the highest three of the last ten years of participating service immediately preceding retirement or

termination of employment up to but not exceeding the maximum annual compensation authorized. Provided no member shall retire with a final average compensation for service rendered prior to July 1, 1994, in excess of $25,000 unless the member made the required election and has paid the contributions on such salary in excess of $25,000. No member shall retire with a final average compensation for service rendered prior to July 1, 1994, in excess of $40,000.

B. Final Average Compensation for service rendered July 1, 1994, and thereafter is the average of the highest three of the last ten years of participating service immediately preceding retirement or termination of employment, or if participating service is less than three years, the full period of participating service after July 1, 1994, not to exceed the salary cap maximum amounts.

C. Final Average Compensation for members who join on or after July 1, 2013 will be calculated using the highest five years out of the last 10 years of participating service prior to retirement or termination, including the highest five longevity payments upon which contributions have been made.

Form 1099-R - A federal tax form distributed to those OPERS retirees and active members who received some type of payment from OPERS during the calendar year. The form shows the amount of the payment, the taxable portions of the payment and if any taxes were withheld.

Full-time-equivalent employment (FTE) - A term which refers to a member's 1) actual employment 2) with a participating employer of the Oklahoma Public Employees Retirement System. A member obtains full-time-equivalent employment in two ways. The first way is obvious: working for a participating employer. Each hour for which retirement contributions are paid credits the member with one hour of full-time-equivalent employment. Therefore, if retirement contributions were paid for 173 hours, the member would accrue one month of full-time-equivalent employment. The second way a member can receive full-time-equivalent employment is by making certain types of purchases of OPERS service credit. However, the only types of purchases which constitute full-time-equivalent employment are those which represent 1) actual employment 2) with a participating employer of the Oklahoma Public Employees Retirement System.

Furthermore, service granted free of charge is not full-time-equivalent employment. Such service does not constitute full-time-equivalent employment because it is either service granted to a member even though no contributions have been paid (e.g. certain prior service, unused sick leave) or it is service which was not accrued with a participating employer of our System (e.g. military service).

Hazardous Duty Member - A specific member classification with different retirement provisions as described in Chapter 25. These members currently include certain Correctional Officers, Probation & Parole Officers, Fugitive Apprehension Agents and Oklahoma Military Department Firefighters.

Joint-annuitant - A natural person who is designated by an OPERS member to receive a lifetime retirement benefit under Option A or Option B after the death of the member. A joint-annuitant designation cannot be changed after retirement.

Leave of Absence - A period of absence from employment without pay, authorized and approved by the employer and acknowledged to the Board, and which after the effective date does not exceed two years.

Medicare Gap Option – An option allowing most OPERS members who are under age 65 at retirement and who retire May 1, 2006 or later to make an irrevocable election to temporarily increase the amount of their monthly retirement benefit.

Member - An eligible employee or elected official who is in the System and is making the required employee or elected official contributions, or any former employee or elected official who shall have made the required contributions to the System and has not received a refund or withdrawal.

Military Service - Service in the Armed Forces of the United States in time of war or national emergency, as defined by the Oklahoma Statutes, from which the member was honorably discharged.

Mortally Wounded - Death ultimately caused by injuries inflicted during the performance of an Officer's duties with the Oklahoma Department of Corrections.

Normal Retirement Date - The date on which a member may retire with full retirement benefits as provided by the System.

Participating Employer - An eligible employer who has agreed to make contributions to the System on behalf of its employees.

Participating Service - The period of employment after the entry date for which credit is granted a member. Effective March 1, 1979, part-time employment or any leave without pay will be prorated in relation to full time employment (173 hours per month).

Prior Service - The period of employment of a member by an eligible employer prior to the member's entry date for which credit is granted a member. Prior service is free service if the employer joined OPERS on or before January 1, 1975. The employee may purchase prior service with an employer that joined OPERS after January 1, 1975. Certain military service is also considered prior service.

Retiree - A member who has retired under the System.

Retirement Benefit - A monthly income with benefits accruing from the first day of the month coinciding with or following retirement and ending on the last day of the month in which death occurs or the actuarial equivalent thereof paid in such a manner as specified by the member pursuant to the act governing this System or as otherwise authorized by the Board.

Social Security – Refers to the old-age survivors and disability section of the Federal Social Security Act.

System - The Oklahoma Public Employees Retirement System as established by an act of the Oklahoma State Legislature in 1963. (Statutory Reference: OKLA. STAT. tit. 74 § 901 et seq., as may be amended.)

Total Disability - A physical or mental disability accepted for disability benefits by the Federal Social Security Administration or Railroad Retirement Board.

Unused Sick Leave – A maximum of 960 hours of unused sick leave may be added to retirement service. Twenty days (160 hours) of sick leave equals one month of retirement service credit and will be added only in monthly segments. Fractions of a month of credit will not be given. If the unused sick leave

results in adding an additional year of service, the employer must pay the cost of funding that year of service.

Vesting – Refers to when a member acquires a future interest in a retirement benefit. A member must complete at least eight years of credited service, six full years of which must be full-time-equivalent employment with a participating employer.

Withdrawal – A member may not withdrawal contributions while working with a participating employer. After termination, a member may withdraw his or her share of accumulated contributions, but the employer's contribution will remain with OPERS.

PARTICIPATING OPERS EMPLOYERS

State Agencies

0030	ABLE Commission
0020	Accountancy, Board of Public
0060	Aeronautics Commission, Oklahoma
0040	Agriculture, Department of
0448	Alcohol & Drug Counselors, Oklahoma Board of
0772	Alcohol & Drug Influence, Board of Test for
0045	Architects, Board of Governor of
0055	Arts Council, State
0049	Attorney General's Office
0300	Auditor and Inspectors Office, State
0065	Banking Department, State
0509	Board of Examiners for Long Term Care Administrators
0039	Boll Weevil Eradication Organization
0582	Bond Advisor, Office of the State
0308	Bureau of Investigation, Oklahoma State
0127	Children & Youth, Commission on
0145	Chiropractic Examiners, Board of
0309	Civil Emergency Management
0160	Commerce, Department of
0783	Community Hospital Authority
0390	CompSource Oklahoma
0645	Conservation Commission, Oklahoma
0170	Construction Industries Board
0635	Consumer Credit, Department of
0185	Corporation Commission
0131	Corrections, Department of
0190	Cosmetology, State Board of
0199	Court of Criminal Appeals
0215	Dentistry, Board of
0265	Department of Education
0220	District Attorneys Training Council
0219	District Courts
0266	Educational Television Authority, Oklahoma
0270	Election Board, State
0285	Embalmers & Funeral Directors, Board of
0290	Employment Security Commission, Oklahoma
0570	Engineers, State Board of Professional
0292	Environmental Quality, Department of
0296	Ethics Commission
0310	Fire Marshal Commission, State
0315	Firefighters Pension & Retirement System
0305	Governor, Office of the
0980	Grand River Dam Authority
0326	Handicapped Concerns, Office of
0807	Health Care Authority, Oklahoma
0770	Health Sciences Center, Oklahoma University
0340	Health, Oklahoma State Department of
0350	Historical Society, Oklahoma
0353	Horse Racing Commission, Oklahoma
0422	House of Representatives, Oklahoma
0982	Housing Finance Agency, Oklahoma
0355	Human Rights Commission, Oklahoma
0830	Human Services, Department of
0360	Indian Affairs Commission, Oklahoma
0047	Indigent Defense System
0370	Industrial Finance Authority
0385	Insurance Commission
0307	Interstate Oil Compact Commission
0204	J.M. Davis Arms and Historical Museum
0678	Judicial Complaints, Council on
0400	Juvenile Affairs, Office of
0405	Labor, Oklahoma State Department of

0410 Land Office, Commissioners of the
0415 Law Enforcement Education & Training, Council on
0416 Law Enforcement Retirement System, Oklahoma
0423 Legislative Service Bureau
0430 Library, Oklahoma State
0622 Licensed Social Workers Registration
0440 Lieutenant Governor, Office of the
0445 Liquefied Petroleum Gas Administration
0435 Lottery Commission, Oklahoma
0090 Management and Enterprise Services, Office of
0446 Marginally Producing Oil & Gas Wells, Commission on
0670 McCarty Center for Handicapped Children, J.D.
0450 Medical Licensure and Supervision, Board of
0342 Medicolegal Investigations, Board of
0452 Mental Health, Department of
0298 Merit Protection Commission, Oklahoma
0025 Military Department, Oklahoma
0125 Mines, Oklahoma Department of
0475 Motor Vehicle Commission, Oklahoma
0981 Municipal Power Authority, Oklahoma
0477 Narcotics, Oklahoma State Bureau of
0510 Nursing, Oklahoma Board of
0520 Optometry, Oklahoma Board of
0979 Ordnance Works Authority, Oklahoma
0525 Osteopathic Examiners, State Board of
0306 Pardon & Parole Board, Oklahoma
0535 Peanut Commission, Oklahoma
0343 Perfusionists, State Board of Examiners of
0560 Pharmacy, Oklahoma State Board of
0619 Physicians Manpower Training Commission
0557 Police Pension & Retirement System
0575 Psychologists Examiners, State Board of
0515 Public Employees Retirement System, Oklahoma
0585 Public Safety, Oklahoma Department of
0620 Quartz Mountain Arts & Conference Center
0588 Real Estate Commission, Oklahoma
0805 Rehabilitation, Department of
0568 Scenic Rivers Commission
0628 Science/Technology, Center for Advancement of
0625 Secretary of State, Office of the
0630 Securities Commission, Oklahoma
0421 Senate, Oklahoma State
0631 Sheep and Wool Commission, Oklahoma
0346 Space Industry Development Authority, Oklahoma
0632 Speech Pathology & Audiology Board
0677 Supreme Court, Oklahoma
0695 Tax Commission, Oklahoma
0269 Teacher Preparation, Oklahoma Commission for
0092 Tobacco Settlement Endowment Trust
0566 Tourism & Recreation Department, Oklahoma
0345 Transportation, Oklahoma Department of
0740 Treasurers Office, Oklahoma State
0978 Turnpike Authority, Oklahoma
0753 Uniform Building Code Commission
0760 University Health Sciences Center, Oklahoma
0825 University Hospitals Authority
0755 Used Motor Vehicles & Parts Commission
0650 Veterans, Oklahoma State Department of
0790 Veterinary Medical Examiners, State Board of
0835 Waters Resources Board
0875 Wheat Commission, Oklahoma
0880 Will Rogers Memorial Commission
0369 Workers' Compensation Court

Local Government

0901 Adair County
0902 Alfalfa County
4902 Alfalfa County Rural Water District
1030 Anadarko Housing Authority
1043 Arnett, Town of
4002 Association of South Central Oklahoma
0903 Atoka County
4803 Atoka County Rural Water District #2
4903 Atoka County Rural Water District #4
0904 Beaver County
2004 Beaver County Memorial Hospital
1067 Beaver, City of
0905 Beckham County
1086 Bixby Public Works Authority
1085 Bixby, City of
0906 Blaine County
0907 Bryan County
0908 Caddo County
0909 Canadian County
0910 Carter County
0911 Cherokee County
1179 Cheyenne, City of
0912 Choctaw County
3012 Choctaw County Ambulance
0913 Cimarron County
6926 Circuit Engineering District # 6
6963 Circuit Engineering District #4
0914 Cleveland County
0915 Coal County
0916 Comanche County
5916 Comanche County Facilities Authority
1210 Commerce, City of
0917 Cotton County
0918 Craig County
2030 Craig County General Hospital
0919 Creek County
4989 Creek County Rural Water District #3
4919 Creek County Rural Water District #5
0920 Custer County
1241 Cyril, Town of
0921 Delaware County
3921 Delaware County E-911 Trust Authority
4921 Delaware County Solid Waste Trust Authority
0922 Dewey County
6951 Eastern Oklahoma Circuit Engineering District #2
3051 Eastern Oklahoma District Library
0923 Ellis County
1311 Fairfax, Town of
1353 Fort Supply, Town of
0924 Garfield County
0925 Garvin County
0926 Grady County
5926 Grady County Criminal Justice Authority
3026 Grady County Emergency Medical
4005 Grand Gateway Economic Development Authority
1381 Grandfield, City of
0927 Grant County
0928 Greer County
3028 Greer County Special Ambulance Service
1392 Grove Municipal Airport Managing Authority (GMAMA)
1389 Grove, City of
0929 Harmon County
0930 Harper County
0931 Haskell County
1414 Heavener Utility Authority
1413 Heavener, City of

1425 Hinton, Town of
1432 Holdenville Housing Authority, City of
1430 Holdenville, City of
0932 Hughes County
1443 Hugo, City of
1451 Idabel Housing Authority
0933 Jackson County
0934 Jefferson County
0935 Johnston County
4935 Johnston County Rural Water District #3
0936 Kay County
1481 Ketchum Public Works
1480 Ketchum, City of
4004 Kiamichi Economic Development District
0937 Kingfisher County
1486 Kingfisher, City of
0938 Kiowa County
0939 Latimer County
0940 LeFlore County
3040 LeFlore County Emergency Medical
4941 LeFlore County Rural Water & Sewer
4840 LeFlore County Rural Water District #3
0941 Lincoln County
3841 Lincoln County E-911 Trust Authority
0942 Logan County
0943 Love County
0947 Major County
3047 Major County Emergency Medical
1549 Mangum, City of
0948 Marshall County
0949 Mayes County
4949 Mayes County Rural Water District #3
3049 Mayes Emergency Services Trust Authority (MESTA)
0944 McClain County
3044 McClain-Grady County EMS District
0945 McCurtain County
3045 McCurtain County Emergency Medical
0946 McIntosh County
4003 Midwestern Oklahoma Development Authority
1605 Mountain View, City of
3851 Muskogee City - County 911 Trust Authority
0950 Murray County
0951 Muskogee County
3951 Muskogee County Emergency Medical
0952 Noble County
4953 Nowata Consolidated Rural Water District #1
0953 Nowata County
1642 Okarche, City of
0954 Okfuskee County
4909 Oklahoma Environmental Management Authority
0956 Okmulgee County
5956 Okmulgee County Criminal Justice Authority
0957 Osage County
0958 Ottawa County
3858 Ottawa County E-911 Authority
0959 Pawnee County
0960 Payne County
0961 Pittsburg County
4961 Pittsburg County Rural Water District #7
0962 Pontotoc County
4940 Poteau Valley Improvement Authority
0963 Pottawatomie County
5963 Pottawatomie County Public Safety Center Trust
0964 Pushmataha County
0965 Roger Mills County
0966 Rogers County
1758 Rush Springs, Town of
1760 Ryan, City of
0967 Seminole County
1778 Sentinel, Town of

0968 Sequoyah County
5968 Sequoyah County Criminal Justice Authority
4968 Sequoyah County Rural Water District #7
1784 Shattuck, City of
6964 Southeast Circuit Engineering District #3
3929 Southwest Oklahoma Ambulance Authority
4001 Southwestern Oklahoma Development
0969 Stephens County
1818 Stigler, City of
1841 Tahlequah, City of
0970 Texas County
0971 Tillman County
3971 Tillman County Emergency Medical Service District
4971 Tillman County Rural Water District #1
4963 Tri-County Rural Water District #2
1893 Vici, Town of
0973 Wagoner County
0974 Washington County
0975 Washita County
1915 Watonga Housing Authority
1918 Watts Public Works Authority
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0976 Woods County
0977 Woodward County

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