

**Teachers' Retirement System of Oklahoma
Oliver Hodge Building
2500 N. Lincoln Boulevard, 5th Floor
Oklahoma City, OK 73105
405.521.2387**

RULE IMPACT STATEMENT

A. BRIEF DESCRIPTION OF PURPOSE OF PROPOSED PERMANENT RULES:

These rules are proposed to comply with the statutory responsibility of the Board of Trustees in establishing rules and regulations for the administration of the System and the transaction of its business (70 O.S. § 17-101 et seq.). These rules are necessary to comply with amendments and new enactments to Title 70 of the Oklahoma Statutes passed in the 2020 legislative session and for efficiency of day to day operations of TRS.

TITLE 715. TEACHERS' RETIREMENT SYSTEM

CHAPTER 1. ADMINISTRATIVE OPERATIONS

715:1-1-4 is being revoked in its entirety due to the System's move to new headquarters on/about November 1, 2020, and as an unnecessary rule.

715:1-1-8 is being amended as the Board of Trustees is no longer charged with approving retirements of the System.

715:1-1-15 is being amended to update the age requirement for distributions for a member or member's beneficiary under Section 401(a)(9) of the Internal Revenue Code.

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

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

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

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

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

The proposed rules will provide a more efficient administration of the System, resulting in a positive economic impact upon affected classes of persons or political subdivisions. The proposed rules will not have an adverse effect on small business.

E. COST TO AGENCY, EFFECT ON STATE, INCLUDING A PROJECTED NET LOSS OR GAIN IN SUCH REVENUES:

None.

F. ECONOMIC IMPACT THAT IMPLEMENTATION OF THE RULES WILL HAVE ON POLITICAL SUBDIVISIONS AND WHETHER THE IMPLEMENTATION WILL REQUIRE THE SUBDIVISION'S COOPERATION IN IMPLEMENTING OR ENFORCING THE RULE:

None. The proposed rules will not have an adverse effect on small business.

G. LESS COSTLY OR INTRUSIVE METHODS:

None.

H. DATE IMPACT STATEMENT PREPARED:

November 9, 2020.

715:1-1-4. Administrative office [REVOKED]

~~The Teachers' Retirement System has office space located in the Oliver Hodge Education Building, 2500 N. Lincoln Boulevard, Oklahoma City, Oklahoma 73105. The mailing address for correspondence is TRS, P. O. Box 53524, Oklahoma City, OK 73152. The main telephone number is (405) 521-2387. The toll-free telephone number for calls originating outside the Oklahoma City local calling area is 1-877-738-6365. Members are encouraged to visit the Retirement Office, or make written inquiries regarding any matter pertaining to their retirement accounts.~~

715:1-1-8. Payment of salaries payrolls and claims [Amended]

(a) ~~The Executive Director is authorized to approve and pay all payrolls for the regular personnel and extra help of TRS, as provided in the budget approved by the Board of Trustees. In the absence of the Executive Director, the Deputy Executive Director of Operations may approve payrolls. The Executive Director, Chief Financial Officer, and Certified Procurement Officer must comply with the law in making purchases of supplies, printing materials and equipment. In the event of the absence of the Executive Director, the Chief Financial Officer may also sign for approval of claims.~~

(b) ~~The retired member payroll shall be paid when approved by the Chief Financial Officer and the Executive Director, or in the event of an absence, the General Counsel may approve for one. The Board of Trustees shall then make final approval at the next regular meeting following the date on which the checks were mailed to retired members. The Executive Director and TRS staff must comply with the Oklahoma Central Purchasing Act and associated policies and procedures in making purchases of supplies, printing materials and equipment. Internal approval of claims shall be made in compliance with the TRS Procurement Policy as approved by the State Purchasing Director from time to time.~~

715:1-1-15. Distribution Rules [Amended]

(a) Notwithstanding any other provision of the administrative code, all benefits paid from the retirement system (other than the tax-sheltered annuity program) shall be distributed in accordance with the requirements of Section 401(a)(9) of the Internal Revenue Code and Treasury Regulations § 1.401(a)(9)-1 through § ~~q~~1.401(a)(9)-9, even if the member has not submitted the appropriate notice. These provisions override any distribution options that are inconsistent with Internal Revenue Code Section 401(a)(9).

(b) In furtherance of this section, the Board of Trustees and its designee will apply the following provisions:

- (1) The entire interest of each member:
 - (A) will be distributed to such member not later than the required beginning date; or
 - (B) will be distributed beginning not later than the required beginning date, in accordance with Treasury regulations over the life of such member or over the lives of such member and a designated beneficiary (or over a period not extending beyond the life expectancy of such member or the life expectancies of such member and a designated beneficiary).
- (2) If distribution of the member's interest has begun in accordance with subparagraph (1)(B) and the member dies before his or her entire interest has been distributed to the member, the remaining amount shall be distributed at least as rapidly as under the method of distribution being used under subparagraph (1)(B) as of the date of the member's death.
- (3) If a member dies before distribution of the member's benefits begins under subparagraph (1)(B), and if any portion of the member's interest is payable to or for the benefit of a designated beneficiary for the beneficiary's lifetime or for a period not to exceed the beneficiary's life expectancy, the distribution must begin no later than December 31 of the calendar year immediately following the calendar year in which the member died. However, if the designated beneficiary is the surviving spouse of the member:
 - (A) the date on which the distribution is required to begin shall not be earlier than the date on which the member would have attained age 70 1/2 (age 72 for distributions required to be made after December 31, 2019, with respect to a member who would have attained age 70½ after December 31, 2019), and
 - (B) if the surviving spouse dies before the distribution to such spouse begins, subparagraph (1)(B) shall be applied as if the surviving spouse were the member.
- (4) For benefit payments to beneficiaries that are not covered by paragraph (3), if the member dies before distribution of the member's interest has begun in accordance with subparagraph (1)(B), the member's entire interest must be distributed within 5 years after the member's death.
- (5) For purposes of this section, the term "required beginning date" means April 1 of the calendar year following the later of:
 - (A) the calendar year in which the employee reaches age 70 1/2 (age 72 for distributions required to be made after December 31, 2019, with respect to a member who would have attained age 70½ after December 31, 2019), or
 - (B) the calendar year in which the employee retires.
- (6) For purposes of determining benefits, the life expectancy of a member, a member's spouse or a member's beneficiary shall not be recalculated after benefits commence.
- (7) The amount of benefits payable to a member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Internal Revenue Code Section 401(a)(9)(G).