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GOVERNOR

STATE OF OKLAHOMA
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 2003

TO: Superintendent of Schools and/or Financial Officers
FROM: Tommy C. Beavers, Executive Secretary
SUBJECT: REPORT ON 2003 LEGISLATION

Listed below are new laws enacted during the 2003 Legislative Session affecting the Teachers' Retirement System members and schools.

HB 1362- Changes TRS vesting from 10 to 5 years and allows interest to be paid to members who terminate employment and withdraw contributions. In the past interest was paid to withdrawing members only if the member had been a member of TRS for at least seven years. The measure also provides that membership in TRS is optional for new employees at OU and OSU, if the employee is age 45 or older at the time of employment. Membership is still required for all other classified employees unless they have reached age 55 at the time of first employment in the public schools of Oklahoma. While a TRS member can now retire with as few as 5 years of Oklahoma service, members must still have at least 10 years of Oklahoma service to qualify for disability benefits or the \$100 per month health insurance supplement paid to retired members who are enrolled in the Oklahoma State and Education Employees Group Insurance Program or who continue coverage under the insurance program offered by their school district.

HB 1440- Allows a retiring member with at least 30 years of service to elect to receive a partial lump-sum payment at retirement and then receive reduced monthly benefits for life.

SB 216- Allows school districts to share personnel, with each district paying a pro rata share of TRS contributions.

SB 643- Increases to 12 years (from 8) the maximum time TRS members may contribute to the Retirement System while employed as an officer in a state, local or national education association. *This measure will not become effective until a private letter ruling is obtained from the Internal Revenue Service.*

SB 663- Applies the post-retirement earnings limit changes enacted last year for classified members to non-classified support personnel. Earnings limits remain the same for all retirees who have been retired for less than 36 months, but now retirees who have been retired for 36 months or more can earn up to \$30,000 per calendar year without impacting their retirement benefit. To qualify for the 36-month option the retiree must have received 36 retirement checks.

FEDERAL LAW MAY REQUIRE SCHOOLS TO PAY RETIREMENT CONTRIBUTIONS THAT WOULD HAVE BEEN PAID FOR AN EMPLOYEE CALLED TO ACTIVE MILITARY DUTY. RETIREMENT CONTRIBUTIONS BY AN EMPLOYER ARE REQUIRED ONLY IF THE MEMBER MAKES UP CONTRIBUTIONS THAT HE OR SHE WOULD HAVE MADE HAD EMPLOYMENT NOT BEEN INTERRUPTED BY A MILITARY CALL UP.

ANY FORM OF PAYMENT FOR SERVICES RENDERED, INCLUDING THE PURCHASE OF ANNUITIES, THAT IS PAID TO OR FOR A RETIRED TRS MEMBER IS COMPENSATION AND COUNTS TOWARD TRS POST-RETIREMENT EARNINGS LIMITS.

THE EMPLOYER CONTRIBUTION RATE FOR THE 2003-04 SCHOOL YEAR REMAINS AT