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GOVERNOR

STATE OF OKLAHOMA
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

October 2003

TO: Superintendent of Schools and/or Financial Officers
FROM: Tommy C. Beavers, Executive Secretary
SUBJECT: COMPENSATION FOR RETIREES WHO RETURN TO WORK

THIS NOTICE IS TO EXPLAIN THE DEFINITION OF REGULAR ANNUAL COMPENSATION AS IT APPLIES TO RETIRED MEMBERS WORKING FOR PUBLIC SCHOOLS AFTER RETIREMENT.

Regular annual compensation is defined in state statutes at 70 O.S. § 17-101(25) or Section 346, page 224, of the *2003 School Laws of Oklahoma* published by the State Department of Education.

Regular annual compensation includes wages and fringe benefits, except for the flexible benefit allowance funded by the state. Regular annual compensation is the same for both active and retired employees.

Flexible Benefit Allowance - By statute, the flexible benefit allowance funded by the state is excluded from regular annual compensation and the minimum salary schedule. If a school pays a retiree \$69.71 as a flexible allowance the payment does not count toward the retiree's earnings limit for retirement purposes. If the retiree is enrolled in the school's insurance plan, the flexible benefit allowance funded by the state is excluded from compensation for retirement purposes, but any amount in excess of 58% of the health insurance premiums established for the flexible benefit allowance should be included as compensation for both retired and active employees.

Annuities and other compensation - Annuities or any other form of delayed payments are compensation, if paid to or for an employee who is a retired TRS member. It does not matter whether the annuity is paid through a salary reduction arrangement or purchased by the employer as an addition to or in lieu of salary. Salary or other compensation earned for services rendered count as compensation in the year earned, even if receipt of the payment is deferred and paid in subsequent years.

Supplemental retirement payments - Supplemental retirement payments made by a school district to a former employee for years of service performed prior to the member's retirement does not count as compensation after retirement. However, any payments made for employment services performed after the member's retirement is compensation.

Post Retirement Earnings Limit for Calendar Year 2003	
Under 62	Lesser of 1/2 Final Average Salary or \$15,000
Age 62 or older	Lesser of 1/2 Final Average Salary or \$30,000
Members who have been retired for 36 months or more, regardless of age	\$30,000
<i>Final Average Salary is average used to calculate retirement benefits</i>	

