



# Trends



Volume 22, No. 3

The Newsletter of the Teachers' Retirement System of Oklahoma

May 2003

## Jobs, TRS benefits protected for returning veterans



TRS members called to active-duty military service don't need to worry about losing their jobs or TRS retirement benefits while serving.

The federal Uniformed Services Employment and Re-employment Rights Act (USERRA) preserves the jobs and the benefits.

USERRA applies to people who leave work to serve in the uniformed services, including the Air Force, Army, Coast Guard, Marine Corps, Navy and Public Health Service Commissioned Corps, and in the reserve components of each of these services.

The law, enacted in 1994 and updated in 1996 and 1998, expands rights for veterans returning from active duty. In general, those who leave work to serve in the uniformed services are entitled to re-employment and restoration of benefits when they complete their active duty service. To qualify, they must give advance verbal or written notice of their activation, their active-duty service cannot exceed five years and they must return to their jobs within specified times after they are released from active duty. The notice, service time and return-to-work requirements have exceptions under certain circumstances.

Promote "On the Road" education awareness...

## Buy a "Support Education" Tag

You can show you support Oklahoma public education and help the Teachers' Retirement System with a "Support Education" license tag.

The Teachers' Retirement System receives \$19.55 from each tag sold.



"I am proud to display my support for public education," said Tommy Beavers, TRS Executive Secretary. "I would have bought the tag in any event, but since it helps TRS, it's just that much better."

To buy a "Support Education" license tag, contact your local tag agent, or download an application from the TRS website ([www.trs.state.ok.us](http://www.trs.state.ok.us)).

You also can call TRS toll-free at 1-877-738-6365 (521-2387 in the OKC calling area), and TRS will mail you a form.

The "Support Education" tag costs \$25, plus a \$2 mailing and handling charge.

You still have to purchase your regular car tag each year. You'll need to renew your "Support Education" tag each year if you display it in place of your regular tag. If you choose to not renew the "Support Education" tag, you can still display it on the front of your vehicle.

The Education Reform Revolving Fund, Higher Education Revolving Fund and the State Career-Technical Education Fund each receive \$1.15 from the purchase of each "Support Education" tag.

Returning veterans re-employed pursuant to USERRA must be treated as if they had never left their jobs for uniformed service. Veterans and their employers can make up any retirement contributions that would have been made, had the veterans continued employment instead of performing the military duty.

Returning veterans have three times the period of their uniformed service to make up retirement contributions, up to five years. Employers must make all payments to

the pension plan that would be made for any other employee. Employee contributions can be made on a pre-tax basis and can be made through installment payments.

TRS members returning from active military duty should contact TRS for specific information about how USERRA applies to them.

USERRA does not apply to veterans who performed military service before they were hired by a school or other institution covered by the Teachers' Retirement System.

## TRS Trustees adopt amended rules

The Board of Trustees at its March meeting adopted changes to the rules governing the Teachers' Retirement System. The rules were sent to the Governor and the Legislature for their approval.

Most of the rule changes were adopted last Fall as emergency rules, and are now being promulgated as permanent rules. Two rules are being changed to comply with an Internal Revenue Service ruling.

In Chapter 1, Rule **715:1-1-4** is being amended to update the agency's street and website addresses

Changes also are being made to several rules in Chapter 10:

**715:10-1-4** and **715:10-11-2** are being changed to allow support personnel who voluntarily terminated TRS membership to rejoin the Retirement System. These rules are being changed to comply with an Internal Revenue Service Private Letter Ruling based on House Bill 1754 (enacted by the Legislature in 2001).

**715:10-1-7** was promulgated as an emergency rule following the 2002 legislative session and is now being promulgated as a permanent rule. It is being changed to comply with House Bill 2670, which allows a participating employee of an

education association to be retired upon qualifying for retirement, even if the employee continues to be employed by the education association.

**715:10-5-15** is being changed to clarify documentation of active duty military service.

**715:10-5-32** was promulgated as an emergency rule following the 2002 legislative session and is now being promulgated as a permanent rule. It is being amended to correct a reference to the Internal Revenue Code.

**715:10-13-3.1** was promulgated as an emergency rule following the 2002 legislative session and is now being promulgated as a permanent rule. It is being amended to comply with House Bill 2344, which requires local employers to remit statutory employer contributions for retired members who are employed after retirement.

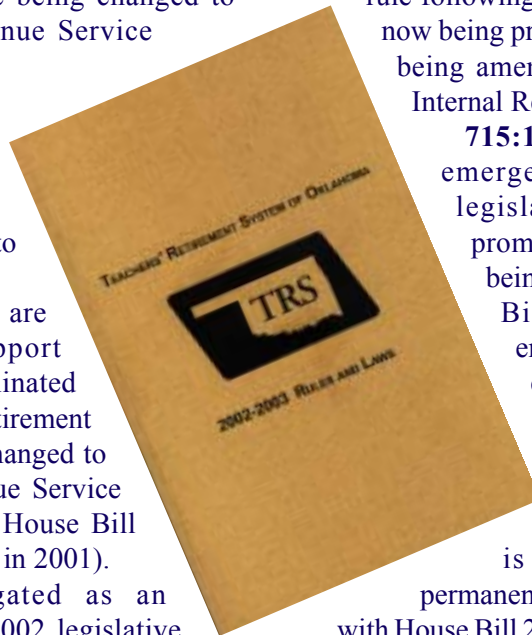
**715:10-13-9** was promulgated as an emergency rule following the 2002 legislative session and is now being promulgated as a permanent rule. It is being amended to comply with House Bill 2344, which requires local employers to remit statutory employer contributions for retired members who are employed after retirement.

**715:10-15-18** is being changed to clarify the Retirement System's ability to require medical re-examination of disabled retirees before age 60.

**715:10-15-22** is being changed to allow disabled retirees to earn the same level of post-retirement pay as other retirees age 62 and older.

**715:10-17-1** was promulgated as an emergency rule following the 2002 legislative session and is now being promulgated as a permanent rule. It is being amended to comply with House Bill 2344, which requires inclusion of post-retirement earnings from employment in public education in the state of Oklahoma, whether the retiree is employed as an individual, corporation or other business structure. "Annuitant" and its definition are being stricken. "Retired Member" and its definition are being added.

**715:10-17-5** was promulgated as an emergency rule following the 2002 legislative session and is now being promulgated as a permanent rule. It is being amended to comply with House Bill 2344, which requires inclusion of post-retirement earnings from employment in public education in the state of Oklahoma, whether the retiree



### How the process works

TRS is governed by state statutes and administrative rules, published each year in the *TRS Rules and Laws* and on the TRS website ([www.trs.state.ok.us](http://www.trs.state.ok.us)).

Many things can spark the need for new or amended TRS rules. Laws enacted by the Legislature in 2002 prompted most of this year's rule changes. Internal Revenue Service requirements necessitated changes to two rules.

Oklahoma's rulemaking process is a complex series of steps that each state agency must follow.

Emergency rules are enacted to meet an immediate need that cannot wait until a permanent rule can be enacted. Emergency rules expire at a certain time if they are not replaced by permanent rules.

Permanent rules are enacted during a legislative session. They become effective if the Governor and the Legislature approve them.

(See Board adopts rules, page 4)

**TEACHERS' RETIREMENT SYSTEM  
OF OKLAHOMA**

Statements of Plan Net Assets

June 30, 2002 and 2001

Assets	<u>2002</u>	<u>2001</u>
Cash	\$ 3,281,205	3,223,790
Short-term investments	294,413,621	233,955,161
Accrued interest and dividends receivable	30,254,185	35,682,725
Contributions receivable	33,418,434	30,734,990
Receivable from the State of Oklahoma	12,968,052	13,835,266
Due from brokers for securities sold	54,974,209	77,375,928
Security lending institutional daily assets fund	768,336,765	909,808,650
Long-term investments:		
U.S. Government securities	1,216,323,627	1,270,263,989
Corporate bonds	849,658,497	889,924,464
International bonds	47,384,912	77,067,622
Equity securities	<u>3,336,501,368</u>	<u>3,590,188,312</u>
Total long-term investments	5,449,868,404	5,827,444,387
Capital assets, net	<u>404,771</u>	<u>382,620</u>
Total assets	<u>6,647,919,646</u>	<u>7,132,443,517</u>
<b>Liabilities</b>		
Benefits in process of payment	47,600,468	15,976,756
Due to brokers for securities purchased	130,734,759	151,955,581
Payable under security lending agreement	768,336,765	909,808,650
Accrued investment fees	4,144,139	4,548,039
Compensated absences	<u>220,309</u>	<u>200,193</u>
Total liabilities	<u>951,036,440</u>	<u>1,082,489,219</u>
<b>Net Assets</b>		
Net assets held in trust for pension benefits and annuity benefits (note 6) of electing members (a schedule of funding progress is presented on page 45)	<u>\$ 5,696,883,206</u>	<u>6,049,954,298</u>

**TEACHERS' RETIREMENT SYSTEM  
OF OKLAHOMA**

Statements of Changes in Plan Net Assets

Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Additions:		
Contributions:		
Members	\$ 226,445,669	216,752,852
Members tax-shelter	4,815,309	5,181,802
Employer statutory requirement from local school districts	210,829,995	172,749,389
Federal matching	13,138,458	14,406,265
Dedicated tax	141,057,868	140,925,355
Total contributions	<u>596,287,299</u>	<u>550,015,663</u>
Investment income:		
Interest	139,441,249	163,139,203
Dividends	47,459,496	49,271,990
Net realized and unrealized losses	(499,102,940)	(342,603,971)
Less investment expenses	(16,469,508)	(16,590,368)
Loss from investing activities	<u>(328,671,703)</u>	<u>(146,783,146)</u>
Income from securities lending activities:		
Securities lending income	21,794,929	42,929,337
Securities lending expenses:		
Borrower rebates	(17,878,116)	(39,306,499)
Management fees	(979,405)	(907,494)
Income from securities lending activities	<u>2,937,408</u>	<u>2,715,344</u>
Net investment loss	<u>(325,734,295)</u>	<u>(144,067,802)</u>
Total additions	<u>270,553,004</u>	<u>405,947,861</u>
Deductions:		
Retirement, death, survivor, and health benefits	561,222,392	537,308,002
Refund of member contributions and annuity payments	58,495,950	65,763,326
Administrative expenses	3,905,754	3,471,796
Total deductions	<u>623,624,096</u>	<u>606,543,124</u>
Net decrease	<u>(353,071,092)</u>	<u>(200,595,263)</u>
Net assets:		
Beginning of year	<u>6,049,954,298</u>	<u>6,250,549,561</u>
End of year	<u>\$ 5,696,883,206</u>	<u>6,049,954,298</u>

## 2003 TRS legislation making steady progress

**HB 1160:** Allocates funds for the Teacher Retirement Credit. Gov. Brad Henry signed this bill on April 24.

**HB 1278:** Establishes lottery to fund education; 5% of the proceeds would go to the Teachers' Retirement System Dedicated Revenue Revolving Fund. This bill was sent to the Oklahoma Secretary of State on April 10.

**HB 1362:** Authorizes Boards of Regents to establish a Defined Contribution retirement plan in which employees of the college or university would participate *instead of* in TRS.

**HB 1415:** superintendents of the Oklahoma School for the Blind in Muskogee & the Oklahoma School for the Deaf in Sulphur will be unclassified state employees, eligible but not required to join TRS; addresses TRS membership of these schools' instructional & administrative personnel. Gov. Henry signed this measure on April 16.

**HB 1440:** Allows members with at least 20 years' creditable service who are eligible to retire to participate



in a Deferred Retirement Option Plan for up to five years, if the IRS rules the plan is a qualified plan.

**SB 4:** Retired teacher organizations with at least 1,000 members would provide membership applications to TRS to be given to new retirees.

**SB 216:** Allows school districts to share personnel, with each district paying a pro rata share of TRS contribution.

**SB 409:** Requires feasibility study of alternatives to help retirees pay healthcare expenses.

**SB 414:** Deletes provisions allowing retirees to enroll in state health insurance plan if they did not participate while working, or if the school did not participate. Gov. Henry signed this measure on April 28.

**SB 663:** Includes nonclassified TRS members retired for at least 36 months in provision allowing post-retirement salary up to \$30,000. This measure was sent to Gov. Henry on May 1.

**SB 668:** Would increase TRS retiree health insurance premium supplement by \$95.





**Trends May 2003**

**Teachers' Retirement System  
of  
Oklahoma**

**Executive Secretary**  
Tommy C. Beavers

**Assistant Executive Secretary**  
Sue Callahan

**Chief Investment Officer**  
Bill Puckett

**Secretary-Treasurer**  
Joe Ezzell

**Trends Editor**  
Jacqueline Scott

---

**2500 N. Lincoln Blvd., 5th Floor  
Oklahoma City, Oklahoma 73105**

**Mailing Address:**  
P.O. Box 53524  
Oklahoma City, OK 73152-3524  
<http://www.trrs.state.ok.us>

**1-877-738-6365 (toll-free)  
(405) 521-2387**

## **Board Adopts Rules ...** (from page 2)

is employed as an individual, corporation or other business structure.

**715:10-17-6** was promulgated as an emergency rule following the 2002 legislative session and is now being promulgated as a permanent rule. It is being amended to comply with House Bill 2344, changing the earnings limit for a TRS retiree employed in Oklahoma public schools.

**715:10-17-7** is being changed to allow disabled retirees to earn the same level of post-retirement pay as other retirees age 62 and older.

**715:10-19-8** was promulgated as a Permanent Rule in 2002 and was submitted correctly to the Office of Administrative Rules for publication in *The Oklahoma Register*. However, the Office of Administrative Rules published it incorrectly in *The Oklahoma Register*, Volume 19, Number 17, pp. 2736 and 2745. The Oklahoma Administrative Procedures Act (75 O.S., Sections 250 et seq.) requires that a rule as published in *The Oklahoma Register* is the official rule of a state agency, even if it is published incorrectly in the *Register* through no fault of the agency, as was this rule.

*Trends* is issued by the Teachers' Retirement System of Oklahoma, as authorized by Executive Secretary Tommy C. Beavers. 130,000 copies have been printed by the Department of Central Services Central Printing Division at a cost of \$7,725. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

BULK RATE  
U.S. POSTAGE  
PAID  
Okla. City, Okla.  
Permit 61

Teachers' Retirement System of Oklahoma  
Post Office Box 53524  
Oklahoma City, OK 73152-3542