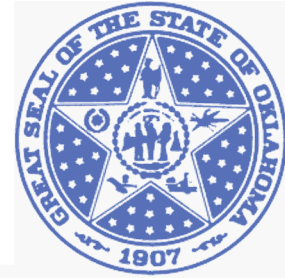


# Trends



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Teachers' Retirement System

## *From the Executive Secretary* State pays part of retirement contribution

This newsletter contains a summary of new legislation enacted last Spring and revisions to administrative rules adopted by the Board of Trustees. I encourage you to read this material carefully to determine how changes may affect you and your retirement account.

One measure, Senate Resolution 38, called for creation of a special task force to study TRS's financial condition. Although this resolution failed to clear the Legislature on the last day of the session, Governor Keating and legislative leaders have agreed to establish a study group under the measure's general provisions. The 30-member task force held its first meeting September 26. The task force has scheduled a series of meetings and its report is due in February.

Eight task force members represent the business community, and 22 are TRS members, including five representing common schools, three representing vo-tech, eight representing higher education, and six retired educators. The task force will examine historical data, review reports from previous studies, look at alternative funding measures and explore specific topics such as COLAs, benefit levels, withdrawal of higher education employees from TRS and the funding impact current statutes have on local school districts.

(see Executive Secretary, page 4)

The State is paying part of the retirement contributions of public school teachers, counselors, administrators and superintendents through June 30, 1998.

**House Bill 1873** bases the state's contribution amount upon the number of years experience employees have completed. The state's contribution is paid only to those employees working in a capacity for which the State Department of Education requires a certificate. The measure does not affect support personnel or employees in higher education.

**House Bill 1873** works in conjunction with **House Bill 1336**, which provides a minimum salary

schedule for teachers with 16 to 25 years experience. Both measures affect only teachers, counselors, administrators and superintendents working in K-12 (common) and vocational-technical school districts, or those who otherwise meet the requirements of the state's minimum teacher salary schedule.

The Legislature appropriated \$31.6 million to the State Board of Education and \$1,063,279 to the State Board of Vocational and Technical Education, which will be transferred to TRS to pay the state's share of each qualifying member's retirement contribution.

(HB 1873 Highlights are on page 2)

### State Credit of Employee's Contribution

House Bill 1873 provides that every teacher employed by any school district or vocational-technical school district who qualifies for a minimum salary pursuant to the state's minimum salary schedule shall have a specific amount credited to his or her TRS contribution. The measure is effective July 1, 1997 through June 30, 1998. The amounts to be paid by the state are:

Years of Service	Credit Amount	Years of Service	Credit Amount
0	\$ 60.15	13	\$667.55
1	\$103.41	14	\$716.15
2	\$145.65	15	\$770.94
3	\$188.15	16	\$826.81
4	\$232.34	17	\$883.76
5	\$277.60	18	\$941.75
6	\$322.57	19	\$1,000.82
7	\$369.78	20	\$1,060.94
8	\$416.34	21	\$1,122.13
9	\$465.49	22	\$1,184.38
10	\$513.65	23	\$1,247.70
11	\$564.75	24	\$1,312.07
12	\$614.50	25	\$1,377.51

1997 Legislation Summary..**Five measures mean changes for TRS**

Five bills passed by the 1997 Legislature and signed into law by Gov. Frank Keating affect the Teachers' Retirement System.

**House Bill 1873** provides that the State will pay part of the retirement contribution for all public school employees working in a position for which the State Department of Education requires a certificate. The measure does not affect employees in higher education. The annual credits range from \$60.15 for beginning teachers to \$1,377.51 for teachers with 25 or more years experience. The provisions of HB 1873 and an experience-year listing of the state credit are on page 1 in this issue of Trends.

**House Bill 1895** increases from **\$4,000** to \$5,000 the death benefit paid to beneficiaries of retired members. This increase became effective July 1.

**Senate Bill 181** decreases from 10 to seven the number of years of employment required for school districts to offer their employees a supplemental retirement program (in addition to TRS benefits). The change does not affect the vesting requirement for TRS membership, which remains at 10 years. SB 181 also lets TRS hire an in-house attorney, retain legal services from a law firm or continue receiving legal representation from the Attorney General. The new law also requires legal actions against TRS be filed in Oklahoma County District Court.

**Senate Bill 473** raises the limit on post-retirement earnings for many TRS retirees under age 70. The new limit is the lesser of \$15,000 per year, or one-half the retiree's final average salary on which retirement benefits are calculated. The earnings limit

applies to all income (salary, wages or benefits) received from employment in an Oklahoma public school. The earnings limit for retirees age 70 and older remains at one-half final average salary. The new limit applies to income earned for the entire 1997 calendar year.

**Senate Bill 534** lets state employees receive retirement credit during the time they receive worker's compensation payments. Although this measure does not mention TRS, the Board of Trustees adopted Administrative Rules 715:10-13-13 to implement its provisions. TRS members can

receive retirement credit if they or their employers contribute the amount that would have been contributed had they continued working.

**Senate Concurrent Resolution 38** called for a study of TRS by a 30-member task force. The measure passed the Senate but the House of Representatives did not vote on it. Although the measure did not pass, the Governor, the Senate President Pro Tempore, and the House Speaker appointed the task force members, representing higher, common and vocational-technical education, retirees and the private sector.

*House Bill 1873 Highlights*

*"Teacher" includes all personnel qualifying for the State's minimum salary schedule.*

*The State pays an annual credit amount toward each teacher's retirement contribution. The credit is divided by the number of pay periods in the employee's contract.*

*The teacher forfeits the state credit amount if he or she terminates employment before the end of the school year.*

*The district will calculate the eligible member's total contribution the same way it has calculated it in the past (7% of total compensation).*

*The amount of the state's portion of the member's contribution will be subtracted from the amount of the total member contribution. The rest of the member's contribution will be paid as required by the member's contract with the district.*

*The amount of the state's contribution deducted from the eligible employee's total retirement contribution will appear in the teacher's net (take-home) compensation, after taxes have been deducted. The state's contribution does not increase the compensation required by the contract, but is part of that compensation.*

Seven rules amended: one new...**Trustees change rules governing TRS**

The Teachers' Retirement System's Board of Trustees has adopted eight emergency rules governing the System. Seven amend existing permanent rules and one is new. Gov. Frank Keating approved the emergency rules in September.

The Retirement System will promulgate the emergency rules as permanent rules during the 1998 legislative session.

Changes to Rule **715:10-5-26** clarify the way actuarial cost will be computed to purchase out-of-state service.

Rule **715:10-9-4** was amended to increase the death benefit for a retired TRS member from \$4,000 to \$5,000.

This increase was mandated by House Bill 1895, enacted by the 1997 Legislature. This increase will cost the Retirement System about \$1 million per year.

Rule **715:10-13-3** was changed to include provisions of House Bill 1873, mandating contributions by the State into the retirement accounts of active members working in positions for which the State Department of Education requires certificates. Details of HB 1873 are included in the stories on pages 1 & 2 of this issue of Trends.

Changes to Rule **715:10-17-6** affect the earnings limit for retired members who return to public school

employment while continuing to receive their retirement benefits. TRS retirees under age 70 may now earn the lesser of one-half their final average salary or \$15,000. The previous limit was \$10,000 or one-half a retiree's final average salary. Retirees older than age 70 are limited to one-half their final average salary. The earnings limit affects only retirees working for an employer who contributes to the Teachers' Retirement System of Oklahoma.

Three rule changes affect the TRS Tax-Sheltered Annuity program.

*(See Rule Changes, page 4)*

Retiring within 2 years? Now's the time to get your benefit estimate.***A Retirement Timeline***

If you plan to retire within 2 years (and will be eligible to retire under TRS requirements), it's time to ask for a Retirement Allowance Estimate. Here's a suggested timeline:

1. Request a Retirement Allowance Estimate (TRS Form 40) by phone or by writing TRS.

We will need this information:

- your name and complete mailing address where you want TRS to send your estimate;
- your Social Security Number;
- your birthdate;
- the number of unused sick leave days you expect to have at the time you retire;
- the date you want your retirement to begin;
- and, if you are married and want your estimate to include the two retirement plans requiring your spouse to be your beneficiary, you also must include your spouse's Social Security Number and birthdate.

You will have to furnish proof of your birthdate (and that of your spouse, if applicable) before your retirement is to begin, but you do *not* need to provide this proof when you make your estimate request.

Most of the year, your estimate will be sent to you about 2 weeks after TRS receives your request. However, if we receive your request during January or February, when the Retirement System receives the most estimate requests, it could take longer.

2. Decide which retirement plan is best for you and return your estimate to TRS 60-90 days before you expect to retire.
3. TRS will send you your Final Contract for Retirement. Execute it before a notary and return it to TRS 30 to 90 days before your planned retirement date. The final contract for retirement must be on file with TRS by the first day of the month immediately preceding the month you retire. For example, if you want to retire effective June 1, your contract must be on file at Teachers' Retirement by May 1, and your first retirement benefit check would be mailed the last working day of June.
4. If you choose to use the TRS Direct Deposit option, your retirement benefit will be deposited directly into your checking or savings account and will be available the day your check is scheduled to arrive.

*Teachers' Retirement System of Oklahoma*  
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**Executive Secretary (from page 1)**

Another major project involving TRS is the implementation of an electronic document imaging system. Paper documents will be scanned and stored on magnetic media. This will provide loss protection and expedite access to member records. This in turn will help TRS provide better and faster service to members. More information about this project and what it will mean to members will be included in subsequent issues of Trends.

On behalf of the Board of Trustees and TRS staff, I wish you a very successful 1997-98 school year.

**Tommy C. Beavers**  
*Executive Secretary*

**Rule Changes (from page 3)**

Rule **715:10-19-3** was amended to clarify the TRS membership status required for participation in the System's tax-sheltered annuity program. It now allows TRS retirees working part-time for an Oklahoma public school to participate in the program.

Rule **715:10-19-5** was amended to clarify tax-sheltered annuity contribution requirements.

Under changes approved for Rule **715:10-19-8**, a TRS member is no longer required to have kept open his or her tax-sheltered annuity

account to return to it deposits that had been rolled over to another tax-sheltered annuity program.

The new emergency rule, **715:10-13-13**, provides that an active contributing member receiving temporary total disability payments under the Workers' Compensation Act can receive service credit for the time of the absence, by meeting certain requirements.

These emergency rules will be included in the 1997-98 TRS Rules and Laws, which will be available later this Fall.

Something to think about...

**Direct Deposit easy way to ease worries**

Imagine *knowing* your retirement benefit will reach you the day you expect it. Imagine *not worrying* that your retirement benefit check may have "disappeared" from your mailbox.

Direct Deposit is the easy answer to make these "imagines" real.

With Direct Deposit, an electronic funds transfer deposits your benefit directly into your checking or savings account. Your benefit begins earning interest immediately if you have an interest-bearing account. Your money is available to you at the opening of business on the same day your check would arrive in the mail.

To begin the process, write TRS at P.O. Box 53524, Oklahoma City, OK 73152, or call (405) 521-2387 and request a Direct Deposit form. Take the form to your bank for completion, then return it to TRS. We'll take care of the rest. Try it — you'll like it!

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