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GOVERNOR

STATE OF OKLAHOMA
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

June 2008

To: Superintendents of Schools and Financial Officers
From: Tommy C. Beavers, Executive Secretary
Subject: 2008 Legislation Update

***** EMPLOYER CONTRIBUTION RATE INCREASES *****

*K-12, Career Tech, 2-year colleges
& state agencies with TRS members*

4-year colleges & universities

July 1, 2008 8.5%*
Jan. 1, 2009 9.0%*
Jan. 1, 2010 9.5%

Through Dec. 31, 2008 7.55%
Jan. 1, 2009 8.05%*
Jan. 1, 2010 8.55%

*Funds have been provided for these rate increases in HB2276. Rate increases scheduled for January 1, 2010, must be funded by the 2009 Legislature to be effective.

The employer contribution rates for 4-year colleges and universities is lower because employees in these schools do not participate in EESIP (also known as the Wear-Away Plan).

***** 2008 LEGISLATION *****

HB2074 removes the post-retirement earnings limit for retirees who have been retired for 36 months or more. Previously, the earnings limit for employment in the public schools of Oklahoma was \$30,000 for members who had been retired for three years. The post-retirement earnings limit for retirees who have been retired less than 36 months remains the same. Retirees under age 62, who have been retired less than 36 months, is the lesser of \$15,000 or one-half the final average salary used in calculating the retiree's monthly retirement benefit. The earnings limit for retirees age 62 or older is the lesser of \$30,000 or one-half the final average salary used in calculating the retiree's monthly retirement benefit. A retiree's earnings limit is prorated during the year when the member reaches age 62. *(Note: For retirement purposes a member's salary is defined in statutes as Regular Annual Compensation [70 O.S. § 17-101(25)]. Generally this includes wages and fringe benefits. However, the Flexible Benefits Allowance Act excludes employer paid health insurance premiums from regular annual compensation except for the amount paid in cash to an employee who chooses not to participate in the school-district-sponsored cafeteria plan. A retiree's health insurance paid by the school as part of the flexible benefits allowance plan does not count as pay for retirement purposes. The Employer Contribution is still required on earnings paid to retired members.*

(Over)



HB2276, the general appropriation bill for education, included \$16.8 million to common education, \$1.3 million to career tech and \$5.8 million to higher education to cover employer contribution rate increases provided in HB1179 (the 2006 EESIP act) and SB357 (2007). Employer contribution rates for K-12, career tech, 2-year colleges and state education agencies will increase to 8.50% effective July 1, 2008. Beginning January 1, 2009, the employer contribution rate will increase to 9% for K-12, career tech, 2-year colleges and state education agencies. Beginning January 1, 2009, the employer contribution rate will increase to 8.05% for 4-year colleges and universities.

HB2793 amends 70 O. S. § 6-101.1 which authorizes school districts to provide tax sheltered annuity plans to education employees. The amendments to this section do not change the school's ability to offer 403(b) annuities plans, but does update Oklahoma statutes to comply with new federal regulations on 403(b) plans. TRS still offers a 403(b) alternative for schools and TRS members who seek above average returns with a low investment cost.

HB3112 provides a 2% cost-of-living increase to all retired members who retired prior to July 1, 2007. The measure provides a 4% increase to retirees in other state-run pension plans and additional changes in the state employee's retirement system and also increases the age of a dependent in the Oklahoma State and Education Employees Insurance Plan from 23 to 25.

THE CONTRIBUTION RATE FOR MATCHING EMPLOYEE SALARIES PAID BY FEDERAL FUNDS AND OTHER NON-STATE GRANT MONEY WILL INCREASE TO 7.5% FOR THE 2008-09 SCHOOL YEAR.

THE EMPLOYEE CONTRIBUTION RATE IS STILL 7% OF EACH MEMBER'S REGULAR ANNUAL COMPENSATION.

THE PAYROLL OFFICER HANDBOOK AND ALL RECENT MEMOS TO REMITTING AGENCIES ARE AVAILABLE ON THE TRS WEBSITE (www.ok.gov/TRS/).

If you have questions about these or other retirement matters, please contact the Retirement Office. Our toll-free telephone number is 1-877-738-6365 or 521-2387 in the Oklahoma City dialing area.