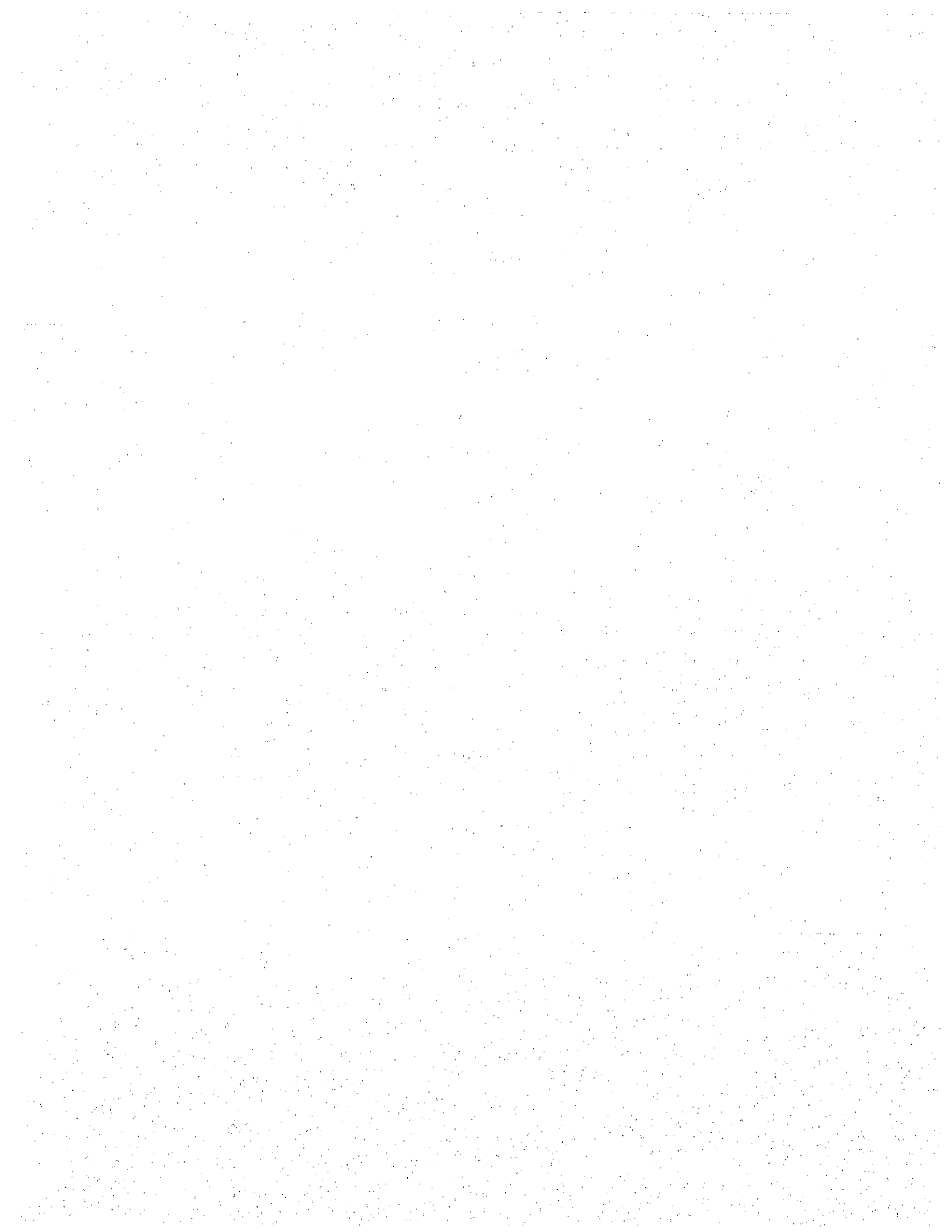


Teachers' Retirement System of Oklahoma
A Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2008



Teachers' Retirement System of Oklahoma
a Component Unit of the State of Oklahoma

Comprehensive Annual Financial Report
for the
Fiscal Year Ended June 30, 2008

Prepared by the Retirement System Staff

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Board of Trustees
Organization Chart
2007-2008 Plan Summary
Certificate of Achievement for Excellence
in Financial Reporting





BRAD HENRY
GOVERNOR

STATE OF OKLAHOMA

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

TO THE BOARD OF TRUSTEES OF THE TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA:

We are pleased to present the *Comprehensive Annual Financial Report* for the Teachers' Retirement System of Oklahoma for the year ended June 30, 2008. The Teachers' Retirement System of Oklahoma (the System or TRS) is a component unit of the state of Oklahoma.

PROFILE OF RETIREMENT SYSTEM

Established by legislation, the System began operation July 1, 1943, and concluded its 65th year on June 30. The System provides retirement allowances and other benefits to public education employees in the common schools, career technology centers, colleges and universities, and other local and state educational agencies of the state of Oklahoma. At the close of business on June 30, 2008, the System had 629 participating employers, 88,678 active members, 13,823 inactive members, and 45,238 retired members and beneficiaries receiving monthly benefits.

The 2008 Comprehensive Annual Financial Report (CAFR) is presented in five sections: Introductory, Financial, Investment, Actuarial, and Statistical. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the System's management. To the best of our knowledge and belief, all data in the report is accurate in all material respects and is reported in a manner designed to fairly present the plan net assets and changes in the System's plan net assets. All disclosures necessary to enable the reader to gain an understanding of the System's financial activities have been included.

The basic financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. Readers are encouraged to review the Management's Discussion and Analysis (MD&A) in the Financial Section for an in-depth discussion of the financial statements and the cause and effect of market conditions, legislation and changes in operations affecting the System's financial results.

ECONOMIC CONDITIONS AND OUTLOOK

For the year ended June 30, 2008, the System's investment portfolio generated an -7.2% rate of return, which was due to the credit and liquidity crisis in the United States and global financial markets. Continued strong revenue growth at the state level and an increase in the percentage of sales and income tax revenue received by TRS resulted in a \$23.3 million increase in the state's contribution for the year ending June 30 when compared to revenues received for the preceding year.

MAJOR INITIATIVES AND SIGNIFICANT EVENTS

A properly funded pension plan is the most important issue for the Board of Trustees. The System continues to be one of the country's five worst funded state-operated pension plans. As of June 30, 2008, only 50.5% of the System's actuarial liabilities were covered by the actuarial value of assets.

This is a decrease from the 52.6% funded ratio reported for June 2007. The decrease in the funded ratio is due primarily to an increase in the assumed rate of future ad hoc cost of living adjustments from 1% to 2%.

The Board continues to stress the importance of improving the System's overall funded position. During the past year, trustees worked with the Governor, legislative leaders, and representatives from education organizations to find ways to better finance the System's obligations. Passage of Senate Bill 357 during the 2007 Legislative Session was a major event. The new law, designed to raise the System's funded ratio, will increase local employer contributions by one-half of one percent in annual increments over the next three years. Each half-percent increase is subject to additional appropriations from the state to school districts to pay for the impact on school budgets.

Effective July 1, 2007, the percentage of state sales, use and income tax revenues dedicated to the Teachers' Retirement Fund increased to 5%. This was the final step increase in the state's dedicated revenue stream provided through passage of Senate Bill 1376 in 2002. It is imperative that the provisions of Senate Bills 357 and 1376 and the resulting increases in local and state revenues be maintained.

TRS also receives 5% of the annual proceeds from the Education Lottery. During FY-2008, the System received \$3.96 million compared to \$3.71 million for FY-2007.

Senate Bill 852, enacted in 2005, provides that the \$100-\$105 per month paid by TRS and other state-run retirement plans toward each retiree's health insurance premium is designated first to pay the retiree's prescription drug cost. This helps the state insurance board meet certain requirements of the Medicare Prescription Drug Act and qualifies the insurance program for reimbursements from Medicare. This has led to lower health insurance premiums for retired members on Medicare.

FINANCIAL INFORMATION

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principals. This system includes written policies and procedures. TRS is audited annually by the State Auditor and Inspector, who contracts with an accounting firm to conduct the audit. The System also has its own internal audit program with an Internal Auditor who reports directly to the Executive Secretary and regularly provides written and oral reports to the Board of Trustees. The System operates according to an administrative budget approved annually by the Board of Trustees. Although revenue is not appropriated from the state's General Revenue Fund, the administrative budget is submitted to the Legislature as part of the Governor's recommended budget. TRS operates under the same budgetary controls applied to all state agencies. The System's administrative expenses are processed in accordance with state statutes and regulations of the Office of State Finance and Department of Central Services.

The System's financial statements are prepared in conformity with accounting principles generally accepted accounting principles in the United States (commonly referred to as GAAP). The 2007 and 2008 financial statements in this report have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

REVENUE AND FUNDING

The major sources of revenue for TRS are member contributions, employer contributions from local schools, dedicated revenues from the state of Oklahoma, and investment income. Revenues are recognized when earned, and expenses are recognized when incurred.

Active member contributions for fiscal year 2008 were \$286.7 million, which represents 7% of covered payroll. This compares to \$285.4 million for the year ending June 30, 2007. Member contributions also include direct payments by members to re-establish credit for previously withdrawn service, payments required to qualify for the Education Employees Service Incentive Plan ("EESIP"), and the purchase of credit for Oklahoma, out-of-state and military service. Salaries for active members totaled \$3.751 billion for the year ending June 30th.

Contributions from local employers, the state of Oklahoma, and federal sources for fiscal year 2008 totaled \$596.8 million, compared to \$535.9 million for 2007. Contributions from local school districts and federal revenues increased \$37.7 million and the state's contribution increased \$23.2 million. Local schools contributed 7.85% of employees' pay through December 31, 2007, and beginning January 1, 2008, K-12, career technology centers and two-year colleges contributed 8.35% of employees' pay (four-year universities do not participate in EESIP, and therefore contributed 7.55% of employees' pay during the second half of the year ending June 30. TRS received 5.00% (an increase from 4.50% in fiscal year 2007) of state sales, use and income taxes collections during FY-2008. Combined state and local employer contributions met the 30-year, level percent amortization payment reported in the annual actuarial valuation as the Annual Required Contribution (ARC) under GASB-25. For the first time since the mid-80s total employer contribution was 101% of the ARC.

TRS members also made \$8.9 million in voluntary contributions to the TRS 403b Tax Sheltered Annuity Plan. This was an increase of \$39,000 over contributions for fiscal year 2007. Account balances in this plan are invested using the same asset allocation and portfolio managers employed in the investments of the regular retirement fund.

ACTUARIAL SUMMARY

The results of the actuarial valuation conducted by the System's actuary as of June 30, 2008, are included in the Actuarial Section. The System's relative funded position decreased from 52.6% on June 30, 2007, to 50.5% on June 30, 2008. The System's unfunded actuarial accrued liabilities (UAAL) increased \$1.487 billion, from \$7.603 billion to \$9.090 billion. The decrease in the funded ratio is primarily due to an increase in the assumed rate of future ad hoc cost of living adjustments from 1% to 2% per year.

At the same time, the funding period required to amortize the System's UAAL increased from 21.6 years as of June 30, 2007 to 54.4 years on June 30, 2008. The increase in the funding period is mainly due to increased in the assumed rate of future ad hoc colas. The passage of Senate Bill 357, which is scheduled to increase local employer contribution rates 1.5% over a three-year period. Increases will occur in annual increments of one-half of one percent on January 1, 2008, January 1, 2009, and January 1, 2010. The contribution increases will add an estimated \$200 million in new money during the next five years and eventually result in an annual contribution increase of \$60 million. It is imperative the Governor and Legislature keep the 2007 commitment to TRS. The increase in contribution rates will not be implemented unless appropriations to schools are increased to cover the cost of the increases in contribution rates.

The System's actuarial liabilities are calculated and reported based on existing statutes and Board adopted assumptions including an investment return rate of 8.0%, a salary increase rate that averaging 4.7% per year, a payroll growth rate of 3.5%, a growth in state revenue of 3.5% and a 2% annual increase in retiree benefits. An addendum to the annual actuarial report required by 70 O.S. § 17-106.1 is included in the Actuarial Section. This addendum is required of each state-run pension plan and measures actuarial liabilities based on uniform assumptions including a 7.5% investment return and a 2.0% annual cost-of-living assumption.

The actuarial value of assets is reported at \$9.257 billion, compared to \$8.422 billion at the close of business June 30, 2007. The actuarial value of assets is not the same as market or the fair value of assets. To arrive at actuarial value of assets, the actuary subtracts \$312.2 million held in individual member savings accounts in the System's 403(b) Tax Sheltered Annuity Program and averages

investment gains and losses in excess of the 8.0% assumed investment rate of return over a five-year period. It should be noted that the System's actuarial value of assets on June 30, 2008, was \$623 million more than market value or the fair value of assets.

The actuary's report continues to stress that the System remains poorly funded. Since 1990, the System's funded ratio has increased from 38.6% to 50.5%, due primarily to return on investments exceeding the 8.0% assumed actuarial rate of return in 14 of the last 19 years.

While state contributions have exceeded annual projections for the last five years, current combined local school/state contributions have not been sufficient to cover normal cost and pay interest on the unfunded accrued actuarial liabilities. However, with passage of Senate Bill 357, the total employer contributions are expected to match or exceed the annual actuarial required contribution and unfunded liabilities should start to decrease in fiscal year 2044 until it reaches zero in fiscal year 2063.

The market value of assets as of June 30, 2008, was \$8.634 billion, excluding the \$312.2 million in the System's 403(b) Tax-Sheltered Annuity Program. Tax-sheltered annuity accounts are held in trust for members who have elected the TRS TSA Program as a means to provide additional income after retirement. The System's funded ratio on June 30, 2008 would have been 47.1%, if measured solely on market value of assets.

EXPENSES

The System's expenses are attributable to retirement benefit payments including health insurance subsidies, death and survivor benefits, refunds of member contributions and administrative expenses. During the year ended June 30, 2008, the System paid \$39.3 million more in retirement, survivor and insurance benefits than in the preceding year, \$1.4 million more in refunds to active member who terminated accounts, and \$5.1 million more in distributions from the System's 403(b) Tax-Sheltered Annuity Plan. The increase in retirement and insurance benefits is attributed to a net increase in the number of retired members. The increase in refunds, deaths benefits and annuity distributions is due to an increase in the number of members making withdrawals from both the defined benefit plan and the 403b tax-sheltered annuity defined contribution plan. Administrative expenses increased by \$241,959, due primarily to an increase in personnel costs and contractual expenses.

INVESTMENTS

As previously stated, the System's return on investments was a negative 7.2% gross of management fees and negative 7.5% net of fees. Net investment income, including realized and unrealized gains and losses, was a negative \$732.9 million, compared to a positive \$1,469.6 million for FY 2007. Net assets totaled \$8.946 billion at market value on June 30, 2008, compared to \$9.651 billion on June 30, 2007. These numbers include the \$312.2 million on June 30, 2008, and \$357.8 million on June 30, 2007, held in trust for members who participate in the System's 403(b) Tax Sheltered Annuity Program.

On June 30, 2008, the System's investment portfolio mix at market value was 31.2% fixed income, 66.5% equities and 2.3% cash and short-term investments. As fiduciaries for the retirement funds, the Board of Trustees is responsible for investment of the funds under the prudent person standard. This standard allows the System to allocate trust funds across a broad group of asset classes. The Board of Trustees has elected to limit investments to stocks and bonds, Treasury Bills and Notes, Commercial Paper, foreign currency exchange contracts, and bank deposits collateralized by U.S. Government securities.

The System's time-weighted rate of return for the year ended June 30, 2008, was a negative 7.2% versus an 18.5% return for 2007. Annualized three-year and five-year total returns were 6.5% and 9.97%, respectively. The System's long-term goal to exceed by 3.0% the rate of inflation measured by the CPI has been achieved for the five-year period. A summary of the System's investment activities during FY 2008 and historic performance results is presented in the Investment Section. A complete listing of securities held by the Teachers' Retirement System as of June 30, 2008, can be found at the

end of the Investment Section.

INDEPENDENT AUDIT

The System is audited annually by independent auditors retained for this purpose by the State Auditor and Inspector. In addition to the audit of the System's financial statements, state statutes require the auditor to perform tests of the System's compliance with certain provisions of laws and regulations. The Independent Auditors' Report is contained in the Financial Section.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of Oklahoma for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of state and local government financial reports. This is the fifteenth year the System's *Annual Report* has received this distinction.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to GFOA program standards. Such CAFRs must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

This report reflects the combined efforts of the TRS staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions and as a means for determining responsible stewardship for the assets contributed by the members and their employers.

The success of any organization is directly attributable to the dedication, commitment, and proficiency of the personnel. I would like to take this opportunity to express my gratitude to the Board of Trustees, the staff, the advisors, and the many people who have worked so diligently to assure the successful operation and improvement of the financial soundness of the Teachers' Retirement System of Oklahoma.

This report is being mailed to the Governor, members of the Oklahoma Legislature, the Oklahoma State Pension Commission and to each school site of the participating employers of the Teachers' Retirement System. Copies of the report are available upon request by active and retired members of the System and other interested parties. We hope you find this report informative and helpful.

Sincerely yours,



Tommy C. Beavers
Executive Secretary
November 14, 2008



BRAD HENRY
GOVERNOR

STATE OF OKLAHOMA
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

November 14, 2008

To the members of the Teachers' Retirement System of Oklahoma:

Welcome to the Annual Report of the Teachers' Retirement System of Oklahoma for the fiscal year ending June 30, 2008. As your Board of Trustees, we are committed to providing you with information about your benefits and retirement. We also want to keep you apprised of significant changes that have occurred during the year. This report is one way we do that.

The goal of the Board and the Teachers' Retirement staff is to provide you a well-funded System. The Board manages the System's investment portfolio to maximize financial returns. Investment income combined with employee and employer contributions provide the major funding for the System's pension benefits.

Investment returns for the past decade have averaged 7.04%, and while returns for FY-2008 were -7.2%, this must be weighed as part of the total picture. Investment returns during the past 10 years have consistently ranked in the top quartile, compared to other public pension plans in the United States. On June 30, the market value of assets was approximately \$8.9 billion.

Although the Teachers' Retirement System of Oklahoma continues to be one of the country's worst-funded state-run public employee retirement systems, progress has been made over the past 10 years to improve the System's ratio of assets to actuarial liabilities. We appreciate the support of the Governor and the Legislature and continue to work with state leaders and our friends in the education community to focus attention on the funding issues.

During FY-2008, the Legislature continued the work it began in 2007 with the passage of Senate Bill 357. The measure was designed to increase the System's funded level to 80% in 20 years. For this to happen, the Legislature must appropriate new funds to cover costs to school districts.

The Board of Trustees pledges to continue administering the Retirement System in the most competent and efficient manner possible. The trustees and staff welcome your comments and suggestions throughout the year.

Sincerely,

A handwritten signature in cursive script that reads "Cathy A. Conway".

Cathy A. Conway
Chairman, Board of Trustees
Teachers' Retirement System of Oklahoma

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

Street Address:
2500 North Lincoln Boulevard, 5th Floor
Oklahoma City, Oklahoma 73105

Mailing Address:
Post Office Box 53524
Oklahoma City, Oklahoma 73152-3524
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BOARD OF TRUSTEES

Ms. Cathy A. Conway, *Chairman, Durant*
Southeastern Oklahoma State University - Appointed by Governor

Mr. James E. Smith, *Vice-Chairman, Shawnee*
Edward Jones Investments - Appointed by Governor

Mr. Dick Neptune, *Secretary, Lawton*
Retired - Appointed by Governor

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Mr. Bruce DeMuth, *Trustee, Stillwater*
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Ms. Sandy Garrett, *Trustee, Ex-Officio*
State Superintendent of Public Instruction

Mr. Richard Gorman, *Trustee, McAlester*
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Dr. John G. Kirkpatrick, *Trustee, Stillwater*
Retired - Appointed by Speaker of the House

Ms. Matti Palluconi *Trustee, Claremore*
Retired - Appointed by President Pro Tem of the Senate

Mr. Galeard W. Roper, *Trustee, Elk City*
Elk City Public Schools - Appointed by Governor

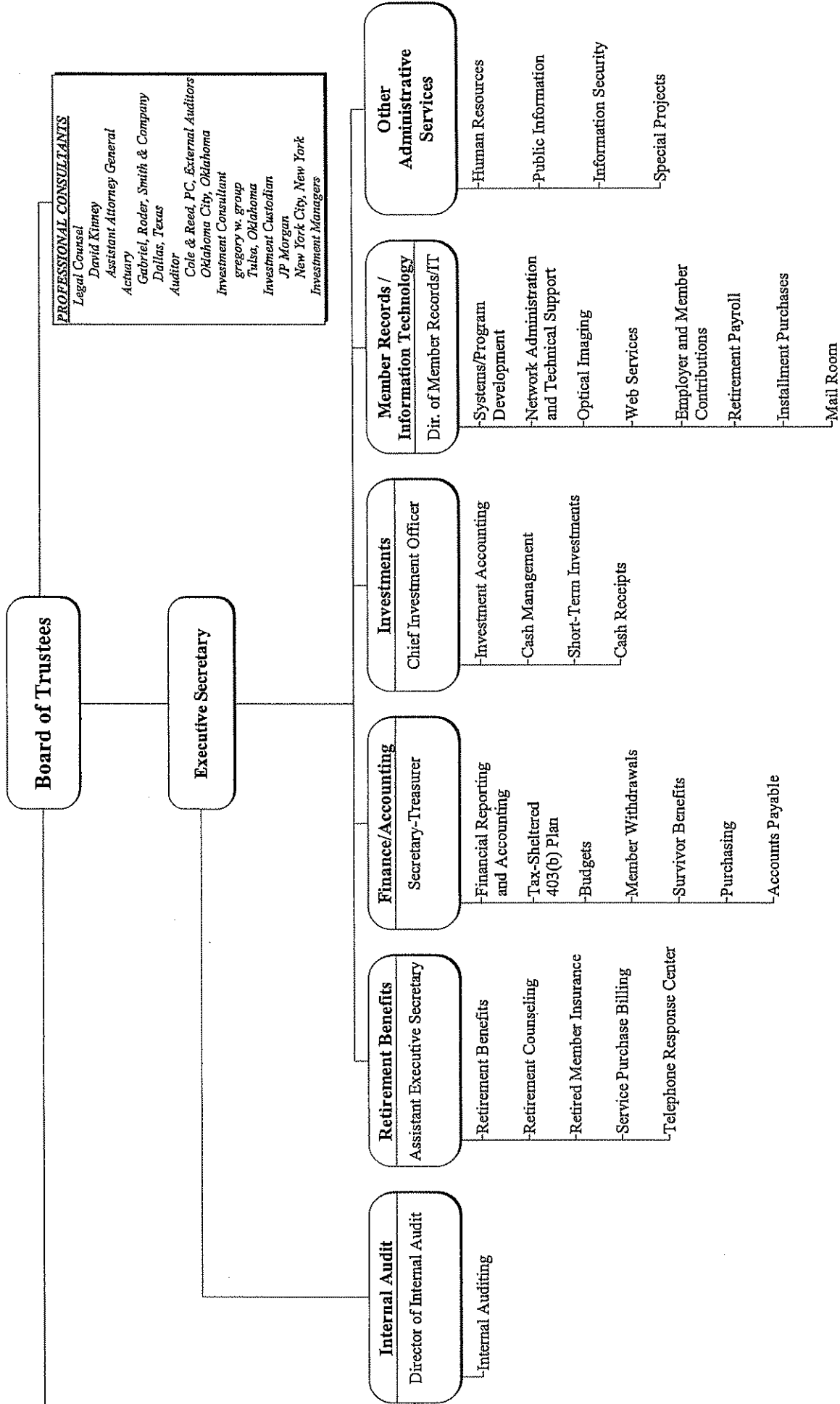
Mr. Michael L. Simpson, *Trustee, Ponca City*
Ponca City Public Schools - Appointed by President Pro Tem of the Senate

Vacant Position, *Trustee, Ex-Officio*
Director, Office of State Finance

Executive Secretary
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
Tommy C. Beavers

Chief Investment Officer
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA
C. W. "Bill" Puckett

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA Organization





TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA 2007-2008 PLAN SUMMARY

BEGINNINGS

The Teachers' Retirement System of Oklahoma (TRS) was established July 1, 1943, to provide retirement allowances and other specified benefits for qualified employees of state-supported educational institutions.

ADMINISTRATION

A 13-member Board of Trustees oversees the administration of the System and acts as fiduciary for investing its funds.

CONTRIBUTIONS

As a TRS member, your contribution rate is 7% of your total compensation (salary and fringe benefits).

Statutes also require employers to contribute a percentage of applicable employee earnings. Through December 31, 2007, the employer contribution rate for K-12 school districts, career-techs, and junior colleges is 7.85%, and from January 1, 2008, through June 30, 2008, the employer contribution rate for these schools is 8.35%. The employer contribution rate for comprehensive universities (University of Oklahoma and Oklahoma State University and their entities) and the state's four-year regional universities is 7.05% through December 31, 2007, and 7.55% from January 1, 2008, through December 31, 2008.

MEMBERSHIP

Oklahoma statutes require classified personnel to be TRS members. The definition of classified personnel in 70 O.S., § 17-101 includes teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies who are employed at least half-time. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Employees of a charter school may join TRS if the TRS Board of Trustees approves the school's application for membership.

New employees at the University of Oklahoma, OU Health Sciences Center, and Oklahoma State University have the option to participate in an alternate retirement plan provided by the universities. Employees choosing the alternate retirement plan are not eligible to participate in TRS as long as they remain employees of the universities.

SERVICE CREDIT

You must work at least six full school months to qualify for one year of membership. A school month is 20 school days of at least six hours. You will receive partial credit for employment of fewer than six months or between four and six hours per school day. You also may purchase credit for out-of-state service, military service, service with certain Oklahoma governmental entities, and employment in Oklahoma schools before your date of membership.

Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit.

RETIREMENT ANNUITY

Each of TRS's five retirement plans provides a lifetime benefit to the member. After the member's death, the designated beneficiary(ies) receive either a lump-sum payment or continued

payments to one beneficiary, depending upon the elected plan's provisions.

A vested member can receive benefits after satisfying eligibility requirements. You are fully vested after five years of contributory Oklahoma membership service.

Members joining TRS before July 1, 1992, may retire with unreduced benefits when age and years of creditable service total 80 (Rule of 80). Members joining TRS after June 30, 1992, may retire with unreduced benefits when age and years of creditable service total 90 (Rule of 90).

You may retire at age 62 with unreduced benefits after completing five years of Oklahoma service.

You may retire with reduced benefits as early as age 55, if you have at least five years of creditable Oklahoma service.

Retirement benefits are based on a formula of 2% x final average salary x years of service. For Rule of 80 members, "final average salary" is an average of the three highest years of contributory service. For Rule of 90 members, "final average salary" is an average of the highest five consecutive years of contributory service.

All years of service prior to July 1, 1995, will be calculated using an average salary no greater than \$40,000. Certain employees at OU, OUHSC, and OSU who were employed before July 1, 1995, may have retirement benefits adjusted for years when their contributions were on less than total compensation.

For members other than those working for the comprehensive universities and their entities, benefits for service from July 1, 1995, until the member's retirement date will be calculated on an average of the actual total compensation of the highest three years (Rule of 80) or highest five consecutive years (Rule of 90).

For employees of comprehensive universities and their entities, benefits for service from July 1, 1995, through June 30, 2007, will be calculated on compensation up to yearly statutory limits. For service from July 1, 2007, until the retirement date, benefits for these employees will be calculated on an average of the actual total compensation.

EDUCATION EMPLOYEES SERVICE INCENTIVE PLAN (EESIP)

The Education Employees Service Incentive Plan, also known as EESIP or the Wear-Away plan, lets K-12, career-tech and two-year college employees who work beyond their retirement eligibility date move two years of service worked before July 1, 1995, to the higher calculation level for each year worked after reaching normal retirement age.

DISABILITY BENEFITS

You may qualify for disability retirement benefits if a medical condition keeps you from performing your regular duties as a public school employee. You may be considered for a TRS disability retirement benefit if you have at least 10 years of contributory TRS service, you submit a disability retirement application detailing your medical condition (which must have existed while you were employed by the public schools of Oklahoma), and your application is approved by the TRS Medical Review Board and the Board of Trustees.

(Continued on Reverse)

If you are awarded Social Security Disability benefits, you qualify for TRS disability benefits if you incur the disability while employed by the public schools and provide TRS with proof of the Social Security award.

HEALTH INSURANCE BENEFIT

If you have at least 10 years of creditable service and retire or terminate your employment, you may elect to continue coverage in the insurance program your employer provides to active employees.

If you are not enrolled in the state plan, coverage is subject to the provisions of the plan in which you are enrolled.

Dependent and dental coverage is available if you are enrolled in the State and Education Employees Group Health and Dental Insurance Plan.

Once you begin receiving monthly retirement checks, TRS will pay the first \$100 to \$105 of monthly premiums for you, but not for your dependents. The actual amount paid by TRS is determined by your total service and average salary at retirement.

If you have fewer than 10 years of employment, you have certain rights under federal law to continue health insurance coverage after your employment ends. You should request information about continued coverage from your school's payroll office or the State and Education Employees Group Insurance Board before termination.

SURVIVOR BENEFITS

Your designated beneficiary or estate is entitled to survivor benefits if you are a TRS member when you die.

If you are an active in-service member when you die, your beneficiary(ies) will receive an \$18,000 death benefit, plus the contributions in your account and interest on those contributions. "Active in-service" is defined in the TRS rules, but generally means a member currently employed by an Oklahoma public education institution. When you die, if you are an active in-service member with 10 or more years of service, have reached age 55 or met the Rule of 80 or Rule of 90 and you have one designated primary beneficiary, he or she may choose a monthly benefit instead of the lump sum payment.

If you are an inactive member when you die, your beneficiaries will receive the amount of the contributions in your TRS account, plus interest on those contributions, but will not qualify for the \$18,000 death benefit or the monthly retirement benefit payment payable to the surviving beneficiary of active in-service members.

If you die after you retire, your beneficiary or estate will receive a \$5,000 death benefit, plus the survivor benefits provided by your chosen retirement plan. Certain retirement plan options provide your surviving beneficiary(ies) with a continuing monthly retirement benefit.

WITHDRAWING YOUR CONTRIBUTIONS

If you leave the job that qualified you for TRS membership, you may request a refund of your contributions any time after your last day on that job. You will be eligible to receive the refund four months after you leave your job. The refund includes all contributions made by you or on your behalf by your employer, plus any applicable portion of interest earnings. When you accept a refund, you forfeit all TRS service credit.

If you return to qualifying employment, you may redeposit your withdrawn account after you contribute to TRS for 12 months.

Redepositing your withdrawn contributions reinstates your initial membership date. If you do not redeposit your withdrawn

contributions, your official membership date will be the date you rejoined TRS.

If you decide to redeposit, you must redeposit the entire amount you withdrew and pay 10% simple interest on that amount for each year your account was withdrawn. You may pay this amount in one lump sum or through installment payments for up to 60 months.

Only an optional member (support personnel) can terminate membership in TRS without terminating employment. If you are an optional member and withdraw your account without leaving your job, the IRS requires that pre-tax contributions cannot be refunded until you leave your job.

If you continue working for your employer after terminating your TRS membership, you can rejoin TRS only under special provisions of an Internal Revenue Service private letter ruling requiring a period of non-membership and loss of the right to redeposit withdrawn service or purchase prior service credits. In this case, you would become a new member as of the date you rejoin.

You also may leave your contributions in your account. If you are vested (have at least five years of Oklahoma service), your account will continue earning interest until you withdraw it or begin drawing your retirement benefit. If you are not vested, your account will continue earning interest for five years, unless you withdraw it before then.

TAX-SHELTERED ANNUITY PLAN

The System administers a tax-sheltered annuity program qualified under § 403(b) of the Internal Revenue Code. As a TRS member, you may deposit funds into this plan if your local Board of Education or other governing board adopts a resolution making the plan available to its employees and you sign a salary reduction agreement with your employer. Contributions to the annuity plan are restricted to an annual "exclusion allowance" determined by the IRS Code. Withdrawals from the plan are subject to various withdrawal restrictions and tax penalties mandated by the Internal Revenue Code.

RIGHTS AND RESPONSIBILITIES

TRS publications provide answers to general questions. You are responsible for resolving any questions about your retirement account. You are entitled to counseling from the TRS staff concerning any question you have about your retirement account. TRS will not be held accountable for information that is contrary to statutes or administrative rules, regardless of who provides that information.

For details of how statutes and administrative rules may affect your retirement account, contact:

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

MAILING ADDRESS	STREET ADDRESS
P.O. Box 53524	Oliver Hodge Building
Oklahoma City, OK 73152-3524	5th Floor
405-521-2387 (OKC Area)	2500 N. Lincoln Blvd.
1-877-738-6365 (Toll-Free)	Oklahoma City, OK 73105

<http://www.ok.gov/TRS/>

This Plan Summary provides general information summarizing the basic benefits available to TRS members. If conflict arises between information contained in this summary and state statutes or official TRS rules, the law and/or rule takes precedence. 20,000 copies of this Plan Summary have been printed by the Office of Public Affairs, Central Printing Division, at a cost of \$1,275. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

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Oliver S. Cox

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Jeffrey R. Emerz

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