



May 7, 2009

TO: PAYROLL/FINANCIAL OFFICERS/SCHOOL SUPERINTENDENTS
FROM: LYNDA BENNETT, SYSTEMS OPERATION MANAGER
SUBJECT: CONTRIBUTION RATES FOR 2009-2010

On March 25, 2009 the Board of Trustees of the Teachers' Retirement System set the **MATCHING CONTRIBUTION rate at 7.5% for FY10** that local employers must make for employees when salaries are paid by federal funds or externally sponsored agreements such as grants, contracts and cooperative agreements. The matching contribution is required by 70 O.S. §17-108(B) and is based on the State's contribution for employees whose salaries are paid by state funds. This is the same rate that was in effect for FY09.

The 7.5% matching contribution is in addition to the local **EMPLOYER CONTRIBUTION, which remains at 9% on July 1, 2009** for Common Ed., Career Tech, 2-year colleges and state agencies that have TRS clients. The **EMPLOYER CONTRIBUTION rate for 4-year colleges and universities remains at 8.05%**.

The **EMPLOYEE CONTRIBUTION rate has not changed; it will again be 7% for FY10.**

Additional increases in the employer contribution rate are provided by Senate Bill 357, but are contingent on increased funding to schools through state appropriations. **A memo will be sent once legislation has been passed for those appropriations.** Future rate increases are scheduled for January 1, 2010 and have been proposed at 9.5% for Common Ed., Career Tech, 2-year colleges and for state agencies with TRS clients, and 8.55% for 4-year colleges and universities. The employer contribution rates for 4-year colleges and universities are lower because employees in these schools do not participate in the Education Employees Service Incentive Plan (EESIP).

As you are completing the Form TRS80 verifying salary information for your employees who are retiring at the end of this fiscal year, keep in mind that contributions are not to be remitted on reimbursements for food, travel, housing or any other expenses, nor are they to be remitted on any type of payment because of termination or retirement. This includes lump sum payments for unused personal, business, annual, vacation or sick leave, retirement bonuses or contract by-outs. Please refer to Section 715:10-13-1 of the *Teachers' Retirement System of Oklahoma Rules and Laws*.

Also, as we approach the end of the fiscal year and the start of a new one, make sure that you send in separate reports for FY09 and FY10; please do not combine contributions from both fiscal years on the same report. For example, if you have a July report for FY09, i.e. for your teachers, the Summary of Payroll Report Form TRS32 should have 2008-09 for the school year, July 31, 2009 for the pay period, and it will be report number "1." If you have another July report for your 12-month employees for FY10, the school year will be 2009-10, the pay period will again be July 31, 2009, and the report number will be "2." It doesn't matter when you process your payroll, you will enter the last day of the month for which the payroll was intended on the Form TRS32. Other than the summer months, which will overlap in this way, please try to have one report for every month, even if you do several payrolls. All reports will be number "1" for the month. If you do have to send more than one report, they will be numbered "2," "3," and so on. **Please do not put all your summer months on the same report, i.e. tripling or doubling the May or June reports; create a new Form TRS32 and detail for each month.**

The goal of the Oklahoma Teachers Retirement System is for all reporting entities to send their detail through our website, rather than sending a paper report or diskette/CD through the mail. Therefore, we ask that you begin taking the necessary steps to implement this process. If you would like to have access to be able to send your detail information over the web, please contact Audrey Cravens at 405-521-4728.

Please do not hesitate to contact any of us in the Client Records Division if you have questions or concerns, or if you need help reconciling your reports or completing any of the forms. We can be reached toll free at (877) 738-6365.

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