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GOVERNOR

STATE OF OKLAHOMA  
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

January 2004

**TO: Superintendent of Schools and/or Financial Officers**  
**FROM: Tommy C. Beavers, Executive Secretary**  
**SUBJECT: RETIRED MEMBERS WHO RETURN TO WORK AS SUBSTITUTES  
OR IN A POSITION NORMALLY HELD BY AN EMPLOYEE**

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THIS NOTICE IS TO EXPLAIN THE REQUIRED RETIREMENT CONTRIBUTION FOR RETIRED TEACHERS WHO RETURN TO EMPLOYMENT AS SUBSTITUTE TEACHERS OR WHO MAY BE OTHERWISE EMPLOYED FOR SERVICES NORMALLY PERFORMED BY AN EMPLOYEE OF THE SCHOOL.

Section B of Title 70 Oklahoma Statutes, Section 17-116.10, [See Section 379, page 267, of the *2003 School Laws of Oklahoma* published by the State Department of Education], requires each school district to make employer contributions on earnings received by the retired member. Employer contributions for the 2003-04 school year are 7.05% of the regular annual compensation of each member.

There has been confusion whether employer contributions are required when a retired member is employed as a substitute teacher. **CONTRIBUTIONS ARE REQUIRED WHEN RETIREES ARE EMPLOYED AS SUBSTITUTE TEACHERS.** Contributions are required even when the retired member is employed as a substitute teacher for one day.

Contributions are also required when a retired member is re-employed to perform job duties ordinarily performed by *classified or nonclassified personnel*, regardless of whether the member is hired by the school district in an individual capacity or performs the duties through employment with a proprietorship, partnership, corporation, limited liability company or partnership, or any other business structure that has agreed or contracted to provide services to the school district. In other words, if a retired member is employed in a position that would ordinarily be filled by a public school employee, that individual will be considered an employee of the school. The amount paid for these services counts toward the annual retired member's earnings limit, and the school district is required to make the statutory 7.05% employer contributions on the amount paid for these services.

This does not mean retired members cannot be employed by private companies who have contracted with school districts for outsourced services. However, the contract with the private vendor must be a valid contract and not merely for the purpose of circumventing existing statutes governing the return to work by retired members.

*If you have questions about this 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.*