

New Retirement Law Is Challenged

A new law designed to encourage teachers to work past retirement age will likely be challenged in court.

Oklahoma Teachers' Retirement System Executive Secretary Tommy Beavers predicted the lawsuit.

The new law is dubbed The Education Employees Service Incentive Plan, also known as EESIP or the Wear Away Plan.

It was passed in special session in 2006 as House Bill 1179XX.

The law permits teachers who work beyond retirement age to move years worked prior to 1995 to a higher salary bracket, upping their retirement benefit, Beavers explained.

For each year a member works past normal retirement age – past age 62 or whenever age plus total years of service equal 80 – two years of service performed prior to 1995 may be moved to a higher salary.

The change in formula can make a big difference in retirement income. Consider this:

A member previously eligible for benefits of \$30,600 annually, or \$2,550 per month, could bring in \$34,600 or \$2,883 per month using the new formula. Adding one more year of service could bring that member's retirement benefit up to \$39,680 a year.

The new law applies only to members who joined the Teachers' Retirement System prior to July 1, 1995, targeting the benefit to those who have spent the most time in the system.

An as yet unnamed teacher who joined the system after that date is protesting the 1995 cutoff through the administrative process.

The teacher's lawyer has indicated that a lawsuit will be filed in district court challenging the law, said Beavers.

TRS RESPONSE

The newspaper article reporting that the Education Employees Service Incentive Plan (EESIP or Wear-Away) is to be challenged in court is misleading.

The retired member who filed an action in Oklahoma County District Court is not seeking to have the new law overturned, but rather he hopes to receive benefits under the law.

House Bill 1179 as enacted provides that to qualify for EESIP benefits a TRS member must have retired on or after July 1, 2006, and must have worked beyond normal retirement age. Members who retired prior to July 1, 2006 are not eligible for EESIP even if they have returned to full-time employment and have made contributions to the Retirement Plan for years of employment after their initial retirement.

Tommy C. Beavers
Executive Secretary