

April 26, 2001

TO: Superintendent of Schools and/or Financial Officers

FROM: Tommy C. Beavers, Executive Secretary

SUBJECT: TRS MATCHING FUNDS FOR THE SCHOOL YEAR 2001-02

Legislation enacted in 1999 requires the Board of Trustees of the Teachers' Retirement System to set a matching contribution rate local employers must make for employees whose salaries are paid by federal funds or externally sponsored agreements such as grants, contracts and cooperative agreements. The Board has set the contribution rate for **the 2001-02 school year at 5.12%**. The matching contribution rate replaces the federal matching contribution required in the past. Under the new law, each school district, college or university, or state board must match the contribution made by employees paid by federal funds or private grants, at the same rate the State pays matching contributions for those employees whose salaries are paid by state funds. The purpose of the change is to ensure Oklahoma meets federal guidelines.

The change results in a lower contribution rate, 5.12% instead of 7%, and a smaller total dollar contribution for most schools. However, some schools may experience an increase in total contributions since the new law expands coverage to include both federally and privately funded programs. The 5.12% matching applies to all programs funded by non-state dollars.

THE 5.12% MATCHING CONTRIBUTION IS IN ADDITION TO THE LOCAL EMPLOYER CONTRIBUTION WHICH INCREASES FROM 5.8% TO 6.8% EFFECTIVE JULY 1, 2001. The 6.8% local employer contribution applies to all TRS members, including those paid with non-state funds.

THERE IS NO CHANGE IN THE EMPLOYEE CONTRIBUTION RATE, WHICH WILL REMAIN AT 7% OF REGULAR ANNUAL COMPENSATION.

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.