



## TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA 2008-2009 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, 2008, the employer contribution rate for K-12 school districts, career-techs, and junior colleges is 8.5%, and from January 1, 2009, through December 31, 2009, the employer contribution rate for these schools is 9%. 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 7.55% from January 1, 2008, through December 31, 2008. From January 1, 2009, through December 31, 2009, the employer contribution rate for these schools is 8.05%.

### 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  $2\% \times \text{final average salary} \times \text{years of service}$ . 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**

P.O. Box 53524  
Oklahoma City, OK 73152-3524  
405-521-2387 (OKC Area)  
1-877-738-6365 (Toll-Free)

##### **STREET ADDRESS**

Oliver Hodge Building  
5th Floor  
2500 N. Lincoln Blvd.  
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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