

History of Major Legislative Changes

A. *1990 Legislative Session*

1. An ad hoc benefit increase was granted to retirees and beneficiaries who had been receiving benefits for at least one year. Special retirees were not granted this increase. The increase was determined by adding an amount to the Final Average Compensation for the member, and then re-determining the benefit due. For classified members, the amount added was \$950, while for non-classified members, the amount added was \$475. In all cases, Final Average Compensation was capped at \$40,000.

2. The local employer contribution rate was increased from 1.0% of covered compensation in accordance with the following schedule:

Year Beginning July 1	Local Employer Contribution Rate
(1)	(2)
1990	1.0%
1991	1.5%
1992	2.0%
1993	2.5%

B. *1991 Legislative Session*

No changes.

C. *1992 Legislative Session*

SB 568 made the following changes:

- Increased employer rates (grading from 7% for 1992/1993 to 18% for 2004/2005) and changed State contributions to offset for employer contributions.

- Eliminated the salary cap effective July 1, 1995.

- Changed the member contribution rate to 7% (after July 1, 1997, phased in prior to that date).

- Changed the FAC averaging period to five years for new members.
- Eliminated the \$18,000 death benefit (and the optional survivor annuity) for new members.
- Changed the formula to cap FAC with the member's pay cap for service prior to July 1, 1995.
- Changed the Rule of 80 to the Rule of 90 for new members.

D. 1993 Legislative Session

SB 535 set forth a schedule which reduces the maximum payment for supplemental medical insurance from \$75/month to an amount between \$70 and \$75 per month, depending on service and Final Average Compensation.

E. 1994 Legislative Session

1. HB 2228 provided for an ad hoc COLA payable to members receiving benefits. The average increase is about 2.5%.
2. SB 768 changed the System's joint options to "pop-up" options. This change was and to \$48,000 and \$30,000 for 1996-97. The member contribution rate for these made for both current and future retirees. Under a pop-up option, if the joint annuitant predeceases the member, the member's benefit is increased to the amount it would have been if the member had elected a life only annuity.
3. SB 767 provided for the transfers of service credit between this System and the Oklahoma Public Employees Retirement System.
4. SB 615 provides that the local employer's contribution rate shall not be less than the local employer's contribution rate for the prior year.

F. 1995 Legislative Session

SB 527 modified the provisions affecting members employed in higher education who became members prior to July 1, 1995. For these members, the \$40,000 and \$25,000 pay caps were left in place for two additional years, but were indexed to \$44,000 and \$27,500 for 1995-96 members was set to 6.0% for 1995-96 and 6.5% for 1996-97. The benefit provisions were also modified so that only pay up to the maximum would be recognized for these years. After June 30, 1997, these members will contribute 7% of total pay like all other members. In addition, SB 527 modified the SB 568 employer contribution rate schedule. The new employer rates are 50 basis points lower in each year until the rate reaches 18.00%.

G. 1996 Legislative Session

SB 832 modified the provisions relating to (i) member contributions, (ii) maximum compensation, and (iii) the benefit formula, for members employed in higher education. Beginning July 1, 1995, all members will contribute on all pay, except for members employed by a comprehensive university who became a member before July 1, 1995, whose recognized compensation is limited to

	For members who elected the \$25,000 limit prior to June 30, 1995	For all other members
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1996-97	\$32,500	\$49,000
1997-98	37,500	54,000
1998-99	42,500	59,000
1999-00	47,500	64,000
2000-01	52,500	69,000
thereafter	no limit	no limit

Employer contributions will be based on the same compensation as member contributions. In 1996-98, member contributions will be 6.5% of pay up to \$25,000 plus 7% of pay in excess of \$25,000, up to the maximum recognized compensation. The benefit formula was also adjusted so that for service earned between July 1, 1995 and June 30, 2001, members in higher education have their benefits adjusted for the compensation limits.

H. 1997 Legislative Session

The post-retirement death benefit was increased from \$4,000 to \$5,000.

I. 1998 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries who had been receiving benefits for at least one year. The increase was determined by adding an amount to the Final Average Compensation for the member, and then redetermining the benefit due. For classified members, the amount added was \$1,400, while for non-classified members, the amount added was \$700. Special retirees received a 5.4% increase.

2. The funding mechanism was changed, eliminating the state's contribution of 78% of its Gross Production Tax receipts after the 1999 fiscal year and substituting a contribution based on a percentage of general revenue available for appropriation (95% of general revenue). The percentage is 3.25% for the fiscal year ending June 30, 2000, and 3.50% thereafter. The local employer's contribution rates were revised for years after the 1999 fiscal year as follows:

Year	Employer Rate
1999/2000	4.80%
2000/2001	5.80%
2001/2002	6.80%
Thereafter	7.05%

J. 1999 Legislative Session

1. The pay caps applicable to certain members employed by one of the comprehensive universities were extended to FY 2007. The cap in effect for FY 1999 was left unchanged for FY 2000, and then will be increased \$5,000 each year thereafter. This change affects both contributions and benefit calculations for these members.
2. The state's funding mechanism was changed again. Now the state's annual contribution will be 3.54% of certain specified sales and income tax revenues. This amount is subject to a \$136.0 million maximum contribution for FY 2000 only.

K. 2000 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries who had been receiving benefits for at least one year. The increase was determined by adding an amount to the Final Average Compensation for the member, and then redetermining the benefit due. For classified members, the amount added was \$500, while for non-classified members, the amount added was \$250. Special retirees received a 1.8% increase.
2. SB 994 set forth a schedule which increases the maximum payment for supplemental medical insurance by \$30/month from an amount between \$70 and \$75 per month to an amount between \$100 and \$105 per month, depending on service and Final Average Compensation.

L. 2001 Legislative Session

1. No changes.

M. 2002 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries, beginning July 1, 2002, if they had been receiving benefits for at least one year. Retirees were given a 3% increase if they had less than 30 years of credited service and a 4% increase if they had 30 or more years of credited service. Special retirees received a 3% increase.
2. The State's contribution is equal to a percentage of the State's revenue from certain sales and income taxes. The percentage is currently 3.54%, but a bill was passed to increase the percentage over the next five years to 5.00%, according to this schedule.

FY 2003	3.54%
FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.00%
FY 2007	4.50%
FY 2008	5.00%

N. 2003 Legislative Session

1. The service requirement for vesting was changed from ten years to five years. Under this provision, a member is now able to retire with an unreduced retirement benefit after reaching age 62 with credit for 5 or more years of service. A member who has reached age 55, but not age 62, with at least 5 years of service, is able to retire and receive a reduced retirement benefit. A member who has terminated before being eligible to retire, but who has at least 5 years of service, may elect a deferred retirement benefit in lieu of a refund. However, members must still have credit for at least 10 years of service in order to be eligible for a disability benefit or the medical insurance premium supplement.
2. Refunds for members who have less than seven years of service will receive their contributions plus 50% of the interest on their account. Previously members with less than seven years of service received no interest. Interest is computed at 8.00%
3. A partial lump-sum option (PLSO) was added. Members who retire with at least 30 years of service may elect a PLSO equal to 12, 24, or 36 times the member's monthly retirement benefit, determined before applying any reduction for the PLSO or any other optional form of payment. A member who elects to receive a PLSO will have his/her monthly retirement benefit reduced on an actuarial basis to compensate for the fact that a PLSO is provided.
4. Disabled members may now elect Option 2—the Joint & 100% Survivor option (with pop up).

O. 2004 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries, beginning August 1, 2004, if they had retired on or before June 30, 2003. Special retirees received a 4.0% increase, and increases for other eligible retirees are as follows:

Years of Service	Monthly Benefit at 6/30/04	Benefit Increase
20 Years or more	Less than \$1,500.00	4.5%
	\$1,500.00 to \$2,500.00	4.0%
	Over \$2,500.00	3.5%
15 to 19 Years	Less than \$1,000.00	4.0%
	\$1,000.00 to \$2,000.00	3.5%
	Greater than \$2,000.00	3.0%
Fewer than 15 years	Less than \$801.00	3.5%
	\$801.00 to \$1,499.99	3.0%
	\$1,500.00 or greater	2.5%

2. Members who joined TRS on or after July 1, 1992 receive a year of service credit if they have accumulated 120 days of unused sick leave. Previously, this additional service was only available to members hired prior to July 1, 1992.
3. Beneficiaries of members hired on or after July 1, 1992 are eligible to receive an \$18,000 lump sum death benefit in addition the member's contribution balance with 100% of credited interest. If the member was eligible for early or normal retirement, the beneficiary may choose the retirement benefit for which the member was eligible in lieu of the contribution balance and \$18,000 lump sum. Previously, the annuity option and \$18,000 lump sum had only been available to members hired before July 1, 1992.
4. The benefit formula for members hired in FY 1996 at any of the colleges or universities in the Oklahoma State System of Higher Education is 2.0% of final average salary, computed at retirement, for each year of service. Previously, the formula was 2.0% of salary for service in FY 1996 plus 2.0% of final average salary, computed at retirement, for each year of service earned after June 30, 1996.
5. Employees hired by one of the comprehensive universities – Oklahoma University, the Health Sciences Center, and Oklahoma State University – after June 30, 2004

may make an irrevocable election to join an alternate plan established by the universities in lieu of becoming a member of OTRS.

6. The Board of Trustees is required to adopt an assumption as to the level of probable future ad hoc cost-of-living adjustments that will be granted by the legislature in the future.
7. The supplemental medical insurance credit is restricted to members who retire with at least 10 years of service credit.
8. The formula used to determine benefits accrued for service earned between July 1, 1995 and June 30, 2007, for members employed by a comprehensive university, is modified. Retirees who had service at a comprehensive university after June 30, 1995 will receive a benefit increase because of this formula change, effective as of January 1, 2005. No retroactive increase will be paid to such retirees.
9. Members who are employed by a comprehensive university before July 1, 2004 will be given a future opportunity to make a one-time irrevocable election to leave OTRS and join an alternative plan established by the universities. The timing of the election depends on if and when IRS approval is received.
10. The comprehensive universities will make additional contributions to OTRS on behalf of members in their alternative plan.

P. 2005 Legislative Session

1. No Changes.