



**OKLAHOMA TEACHERS**  

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**RETIREMENT SYSTEM**

**BOARD OF TRUSTEES**

**REGULARLY SCHEDULED**  
**MEETING**

**FEBRUARY 22, 2012**

**9:00 AM**

**MEETING MATERIALS**

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**TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**Regular Board Meeting**  
**Wednesday, February 22, 2012 – 9:00 AM**  
**TRS Administration Board Room**  
**2500 N. Lincoln Blvd., 5<sup>th</sup> Floor, Oklahoma City, OK**

**AGENDA**

- 1. ROLL CALL FOR QUORUM**
- 2. DISCUSSION AND POSSIBLE ACTION ON APPROVAL OF MINUTES FOR THE JANUARY 25, 2012 BOARD MEETING**
- 3. PRESENTATION BY INVESTMENT MANAGER(S):**
  - A. Frontier Capital Management
  - B. Wellington Management Company
- 4. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT MONTHLY REPORT**
- 5. DISCUSSION AND POSSIBLE ACTION ON MANAGER STATUS SUMMARY REPORT**  
*The Board of Trustees may elect to make any changes to the status of any manager based on the information available at the Board meeting*
- 6. DISCUSSION AND POSSIBLE ACTION ON INVESTMENT CONSULTANT QUARTERLY REPORT**
- 7. DISCUSSION AND POSSIBLE ACTION ON PASSIVE U.S. LARGE CAPITALIZATION EQUITY REQUEST FOR PROPOSAL**
- 8. DISCUSSION AND POSSIBLE ACTION ON ADOPTION OF PERMANENT RULES**
  - A. Report to the Board
  - B. Proposed Rules for Adoption: 715:1-1-2 amended; 715:1-1-3 amended; 715:1-1-4 amended; 715:1-1-6 revoked; 715:1-1-9 revoked; 715:10-1-2 amended; 715:10-1-3 amended; 715:10-1-4 amended; 715:10-1-5 amended; 715:10-1-6 amended; 715:10-1-7 amended; 715:10-3-1 amended; 715:10-3-2 amended; 715:10-3-3 amended; 715:10-3-4 amended; 715:10-3-5 amended; 715:10-5-4 revoked; 715:10-5-7.3 amended; 715:10-5-9 amended; 715:10-5-11 revoked; 715:10-5-28 amended; 715:10-5-33 revoked; 715:10-7-6 amended; 715:10-9-2 revoked; 715:10-9-3 amended; 715:10-9-4 revoked; 715:10-9-5 amended; 715:10-9-6 revoked; 715:10-11-1 amended; 715:10-11-2 amended; 715:10-13-1 revoked; 715:10-13-4.1 revoked; 715:10-13-9 revoked; 715:10-13-13 amended; 715:10-15-1 amended; 715:10-15-2 amended; 715:10-15-7 amended; 715:10-15-7.1 revoked; 715:10-15-10.2 amended; 715:10-15-10.3 amended; 715:10-15-13 revoked; 715:10-17-2 amended; 715:10-17-6 amended; 715:10-25-1 revoked; 715:10-25-2 revoked; 715:10-25-3 revoked; 715:10-25-4 revoked; 715:10-25-5 revoked; 715:10-25-6 revoked
- 9. DISCUSSION AND POSSIBLE ACTION ON EXECUTIVE DIRECTOR REPORT**
  - A. Service Dashboard
  - B. Client Status Update
  - C. Legislative Update
  - D. Other Items for Discussion
- 10. QUESTIONS AND COMMENTS FROM TRUSTEES**
- 11. NEW BUSINESS**
- 12. ADJOURNMENT**

**MEETING MINUTES  
JANUARY 25, 2012  
BOARD OF TRUSTEES  
TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**

The regularly scheduled meeting of the Board of Trustees of the Teachers' Retirement System of Oklahoma was called to order by Michael Simpson, Chairman, at 9:00 A.M., in the Administration Board Room, 5<sup>th</sup> Floor, Oliver Hodge Education Building, 2500 N. Lincoln Blvd., OKC, OK. The meeting notice and agenda was posted in accordance with 25 O.S. Section 311(A)(11).

**TRUSTEES PRESENT:**

Michael Simpson, <i>Chairman</i>	Jill Geiger*
Gary Trennepohl, <i>Vice Chairman*</i>	Stewart Meyers, Jr.
Bruce DeMuth, <i>Secretary</i>	Bill Peacher
Sherrie Barnes*	Jonathan Small
Cathy Conway	James Smith
James Dickson	Billie Stephenson
Vernon Florence	

**TRS STAFF PRESENT:**

James R. Wilbanks, <i>Executive Director</i>	Becky Wilson, <i>Executive Assistant</i>
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**LEGAL COUNSEL PRESENT:**

Regina Switzer, *Assistant Attorney General*

**INVESTMENT CONSULTANT PRESENT:**

Greg Weaver, <i>Gregory W. Group</i>	Douglas J. Anderson, <i>Gregory W. Group</i>
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**OTHERS PRESENT:**

Wayne Maxwell, <i>Retired Professional OK Educators</i>	Shawn Ashley, <i>E-Capitol</i>
Norman Cooper, <i>OK Retired Educators Association</i>	Charles Barnes

*\*Denotes either late arrival or early departure*

**ITEM 1 - ROLL CALL FOR QUORUM:** Chairman Simpson called the Board meeting to order and asked for a poll to determine if a quorum was present. Trustees responding were as follows: Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

**ITEM 2 – SWEARING IN OF NEW TRUSTEE:** James Dickson was sworn in as a new trustee to the Board.

**ITEM 3 - MEETING MINUTES:** Chairman Simpson asked if there were any changes to the meeting minutes. A motion was made by Ms. Conway with a second made by Mr. DeMuth to approve the December 14, 2011 meeting minutes. The motion carried by a unanimous voice vote. Trustees responding were Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

**ITEM 4 – PRESENTATION BY INVESTMENT MANAGERS:** Shapiro Capital and Tocqueville Asset Management, Investment Managers, were present to give respective presentations to the Board. Ms. Barnes and Ms. Geiger joined the meeting during the presentations.

*A break was taken from 10:03 a.m. to 10:15 a.m.*

**ITEM 8 – TRUSTEE POLICY MANUAL – BOARD GOVERNANCE AND COMMITTEE CHARTERS:** Dr. Wilbanks presented the Board with the Trustee Policy Manual and asked if there were any changes. Mr. DeMuth, Chairman of the Audit Committee, recommended the guidelines under the Audit Committee Meeting schedule be changed from meeting four times a year to once a year. After discussion, a motion was made by Ms. Conway with a second made by Dr. Trennepohl to amend the Trustee Policy Manual under Audit Committee Charters on page 25 to strike “four times” and replace with “once” under meeting guidelines. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

*A break was taken from 11:23 a.m. to 11:33 a.m.*

**ITEM 5 – INVESTMENT CONSULTANT MONTHLY REPORT:** Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board their monthly report. No action was necessary.

**ITEM 6 – MANAGER STATUS SUMMARY REPORT:** Greg Weaver and Douglas Anderson of Gregory W. Group, Investment Consultants to the Board, gave the Board the Manager Status Summary Report. After discussion, a motion was made by Ms. Conway with a second made by Mr. Small to terminate Goldman Sachs. The motion carried by a unanimous roll call vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Small; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson. Mr. Peacher and Mr. Smith abstained from the vote.

A motion was also made by Ms. Conway with a second made by Mr. Small to put Tocqueville Asset Management on alert until June 30, 2012 for performance and a policy violation. The motion carried by a unanimous roll call vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

**ITEM 7 – INVESTMENT COMMITTEE REPORT:** Mr. Smith, Chairman of the Investment Committee, updated the Board on items discussed in the Investment Committee Meeting held on January 24, 2012. After discussion, the Investment Committee recommended the approval of amendments to the Investment Policy Statement as presented. The recommendation carried by a unanimous voice vote. Trustees responding were: Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

Mr. Smith then presented the Board with the RFP for Large Cap Index. After discussion, the Investment Committee recommended the Board release the RFP for Large Cap Index. The recommendation carried by a unanimous voice vote. Trustees responding were: Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; Dr. Trennepohl; and Chairman Simpson.

*A break for lunch was taken from 12:11 p.m. to 12:41 p.m.*

**ITEM 9 – LEGAL REPORT:** Regina Switzer, Assistant Attorney General and legal counsel to the Board, gave the quarterly legal report to the Board. No action was necessary.

**ITEM 10 – EXECUTIVE DIRECTOR REPORT:** Dr. Wilbanks gave his report to the Board, including the client status update, agency budget and legislative updates. He also reminded the Board of the upcoming regional seminars around the State. A motion was made by Mr. DeMuth with a second made by Ms. Stephenson to approve the Executive Director Report. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; and Chairman Simpson.

**ITEM 11 – EXECUTIVE SESSION REGARDING THE EXECUTIVE DIRECTOR OF THE OKLAHOMA TEACHERS RETIREMENT SYSTEM:**

- A. A motion was made by Mr. DeMuth with a second made by Ms. Stephenson to enter into Executive Session at 1:40 p.m. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; and Chairman Simpson.
- B. A motion was made by Ms. Conway with a second made by Ms. Stephenson to return to Open Session at 1:58 p.m. The motion carried by a unanimous voice vote. Trustees responding were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; and Chairman Simpson.

**ITEM 12 – POSSIBLE ACTION ON ITEMS DISCUSSED IN EXECUTIVE SESSION:** No action was necessary.

**ITEM 13 – QUESTIONS AND COMMENTS FROM TRUSTEES:** There were no questions or comments from the Trustees.

**ITEM 14 – NEW BUSINESS:** There was no further business from the Board.

**ITEM 15 – ADJOURNMENT:** There being no further business, a motion was made by Ms. Conway with a second made by Mr. Small to adjourn. The meeting was adjourned at 2:00 p.m. Trustees present at adjournment were Ms. Barnes; Ms. Conway; Mr. DeMuth; Mr. Dickson; Mr. Florence; Ms. Geiger; Mr. Meyers; Mr. Peacher; Mr. Small; Mr. Smith; Ms. Stephenson; and Chairman Simpson.

**BOARD OF TRUSTEES, TEACHERS’ RETIREMENT SYSTEM OF OKLAHOMA**

**BY:** \_\_\_\_\_  
**Michael Simpson, Chairman**

**ATTEST:**

**BY:** \_\_\_\_\_  
**Bruce DeMuth, Secretary**

Certified correct minutes, subject to approval of the Board of Trustees of the Teachers’ Retirement System of Oklahoma, will be available at its next regularly scheduled meeting on February 22, 2012.

**BY:** \_\_\_\_\_  
**Becky Wilson, Executive Assistant to the Executive Director**

# January 2012 - Market Performance Update

Strong start to the new year



## Equity Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
Dow Jones Industrial Average	3.6	9.1	19.8	2.8
NASDAQ (prc chg only)	8.0	4.2	24.0	2.7
S&P 500 cap weighted	4.5	4.2	19.2	0.3
S&P 500 equal weighted	5.6	3.2	26.9	2.4
S&P Mid Cap	6.6	2.7	25.3	3.9
S&P Small Cap	6.6	7.5	25.1	2.8
S&P REIT	6.5	11.9	32.4	-2.0
Russell 1000 Growth	6.0	6.1	22.3	3.2
Russell 1000 Value	3.8	1.9	17.6	-2.2
Russell Mid Cap Growth	7.3	3.4	26.9	3.1
Russell Mid Cap Value	4.9	1.2	24.5	0.4
Russell 2000 Growth	7.5	4.9	25.2	3.2
Russell 2000 Value	6.7	0.7	20.9	-0.9
Russell Top 200	4.4	4.7	17.9	0.0
Russell 1000	4.9	4.0	20.0	0.6
Russell Mid Cap	6.1	2.3	25.7	1.9
Russell 2500	6.7	2.6	24.8	2.0
Russell 2000	7.1	2.9	23.0	1.2
MSCI World Ex US	5.4	-9.0	14.7	-2.7
MSCI World Ex US Growth	5.6	-7.8	14.3	-1.5
MSCI World Ex US Value	5.3	-10.1	15.0	-4.0
MSCI EAFE	5.4	-9.2	13.9	-3.4
MSCI Emerging Markets	11.4	-6.4	27.6	5.2

January was a good month for investors as markets continued to rally into the new year. Performance was positive for equities. Emerging market equities led domestic and developed international markets for the month, after enduring a difficult 2011. Bonds experienced mixed results over the month and positive returns over the last twelve months.

The domestic equity market favored smaller companies and growth stocks during the month. Growth stocks also outpaced value stocks over the last year. International equities struggled during the year. Trailing three year returns have moved much higher recently as the late 2008 returns have fallen off the return stream. Equity results were varied over the last five years with emerging markets outpacing domestic and developed international markets.

Bond markets posted modest returns for January. Trailing year returns were especially strong for long term Treasury bonds. Core fixed income earned adequate results. T-Bills posted barely positive returns for the month and year.

## Bond Total Returns

Index	Last Month	Last Year	Last 3 Years	Last 5 Years
BC T-Bills	0.0	0.1	0.1	1.3
BC Long Treasury	-0.1	32.7	10.6	11.2
BC US Agg	0.9	8.7	7.4	6.7

### S&P 500: Last Six Months



### S&P 500 VIX Volatility Index: Last Six Months



### Dow Jones Industrial Average: Last Six Months



# Oklahoma Teachers' Retirement System

Investment Manager Profile – As January 31, 2012



OKLAHOMA TEACHERS  
RETIREMENT SYSTEM

Manager	Location	Structure	Investment Mandate	Portfolio Size	Status	Management Fee
Frontier Capital	Boston, MA	Wholly-owned AMG	Mid Cap Growth Equity	\$ 331,923,801	In Compliance	0.56%
Wellington Management	Boston, MA	Privately Held	Mid Cap Growth Equity	\$ 312,562,612	In Compliance	0.45%

Manager	Last Month	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years	Since Inception
Frontier Capital <i>Russell MidCap Growth</i>	7.6 7.3	5.6 5.1	1.2 3.4	21.5 26.9	6.4 3.1	- -	8.5 7.4 October, 2006
Wellington Management <i>Russell MidCap Growth</i>	9.8 7.3	6.6 5.1	0.6 3.4	28.8 26.9	3.3 3.1	8.7 6.4	9.8 7.4 September, 1998

Manager	Management Philosophy	Represented By:
Frontier Capital	Bottom-up selection of growth stocks that isolates investments through company contacts, industry research, and competitive analysis.	Stephen Knightly, CFA - President Christopher Scarpa - Vice President
Wellington Management	Fundamental individual selection of high quality mid cap growth stocks selling at attractive valuations	Andrea Anastasio - Vice President Alexander Grant - Vice President

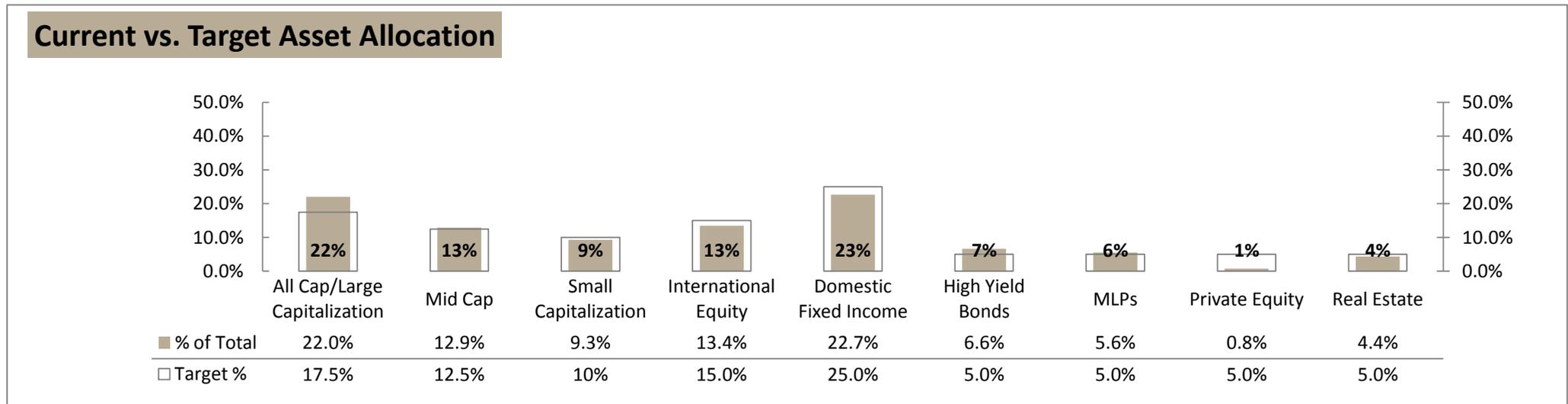
# Oklahoma Teachers' Retirement System

## Monthly Asset Allocation Review

As of January 31, 2012



Asset Class	Total Market Value	Percentage of Total	Target Percentage	Action?*
All Cap/Large Cap	2,207,878,720	22.0%	17.5%	Yes
Mid Cap	1,289,056,723	12.9%	12.5%	No
Small Cap	928,573,890	9.3%	10.0%	No
<b>Total Domestic Equity</b>	4,425,509,333	44.2%	<b>40.0%</b>	Yes
<b>International Equity</b> (includes new small cap portfolios)	1,345,538,392	13.4%	<b>15.0%</b>	Yes
<b>Fixed Income</b>	2,269,854,518	22.7%	<b>25.0%</b>	No
<b>High Yield Bonds</b>	664,862,841	6.6%	<b>5.0%</b>	Yes
<b>MLPs</b>	556,758,610	5.6%	<b>5.0%</b>	Yes
<b>Private Equity</b>	79,599,933	0.8%	<b>5.0%</b>	Yes
<b>Real Estate</b>	436,896,950	4.4%	<b>5.0%</b>	Yes
<b>Cash</b>	82,359,992	0.8%	<b>0.0%</b>	Yes



\*Action is suggested when the allocation falls outside of 90% to 110% of its target allocation.

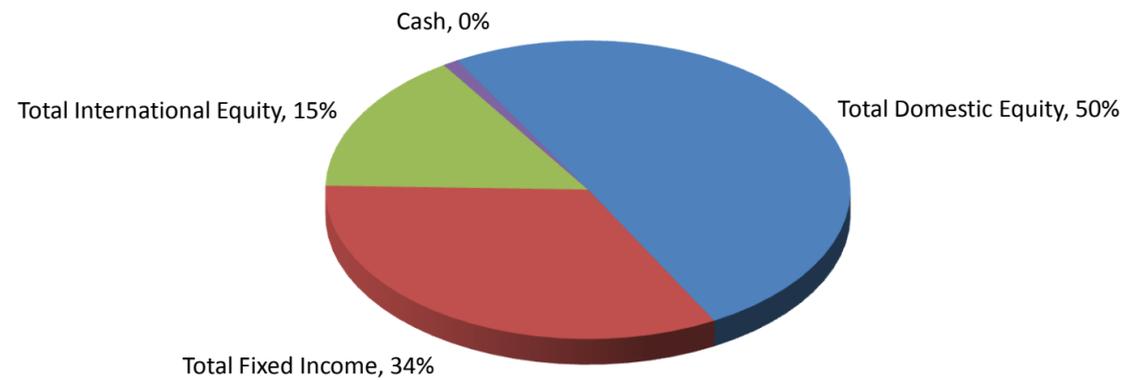
# Oklahoma Teachers' Retirement System Composites and Total Fund

Performance Summary as of January 31, 2012



	Market Value	Last Month	Last Quarter	Fiscal Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Total Domestic Equity	<b>4,425,509,333</b>	6.9	6.5	-3.0	2.3	21.9	1.2	5.7	10.0	8.7	3.31.90
S&P 500		4.5	5.3	0.6	4.2	19.2	0.3	3.5			
Total All Cap Equity	819,975,201	4.9	6.0	-1.3	4.6	19.5	1.2	-	3.0	2.6	9.30.06
Russell 3000		5.1	5.6	-0.2	3.9	20.2	0.6	-			
Total Large Cap Equity	1,387,903,520	5.4	5.9	1.1	5.0	18.5	-0.7	4.3	9.0	8.3	1.31.95
S&P 500		4.5	5.3	0.6	4.2	19.2	0.3	3.5			
Total Mid Cap Equity	1,289,056,723	8.5	7.3	-3.9	2.3	<b>26.7</b>	3.3	<b>8.4</b>	8.6	8.1	11.30.98
Russell MidCap		6.1	5.4	-3.4	2.3	25.7	1.9	5.8			
Total Small Cap Equity	928,573,890	<b>8.8</b>	6.6	-8.6	-3.4	23.1	1.5	6.3	7.8	5.8	1.31.98
Russell 2000		7.1	7.4	-3.4	2.9	23.0	1.2	6.5			
Total International Equity	1,345,538,392	6.5	0.6	-11.2	-8.8	14.2	-2.0	6.7	8.5		1.31.96
MSCI ACWI ex-US		6.8	0.2	-11.2	-8.8	16.7	-1.7	7.5			
Total Fixed Income (excludes High Yield)	2,269,854,518	1.4	3.1	9.5	13.4	11.0	<b>8.9</b>	7.0	7.6	7.2	3.31.90
Barclays Aggregate		0.9	1.9	5.9	8.7	7.4	6.7	5.8			
Master Limited Partnerships	556,758,610	2.2	<b>8.8</b>	<b>11.8</b>	<b>14.2</b>	-	-	-	<b>14.2</b>	12.6	2.28.2011
Alerian MLP Index		2.0	7.6	10.4	12.6	-	-	-			
High Yield Fixed Income	664,862,841	3.5	3.0	1.0	4.6	19.7	-	-	19.7	22.8	2.28.2009
ML High Yield II		2.9	3.1	2.4	5.2	22.6	-	-			
Cash	82,359,992	-	-	-	-	-	-	-	-	-	-
91 Day T-bill											
<b>Total Fund</b>	<b>10,021,227,152</b>	<b>4.5</b>	<b>4.2</b>	<b>0.0</b>	<b>4.0</b>	<b>17.2</b>	<b>3.6</b>	<b>7.0</b>	<b>9.1</b>		<b>11.30.91</b>
Allocation Index		4.2	3.9	0.4	4.6	17.0	2.7	6.3	9.0		11.30.91
Actuarial Assumption		0.6	1.9	6.6	8.0	8.0	8.0	8.0	8.1		11.30.91

## Composite Allocation by Asset Class



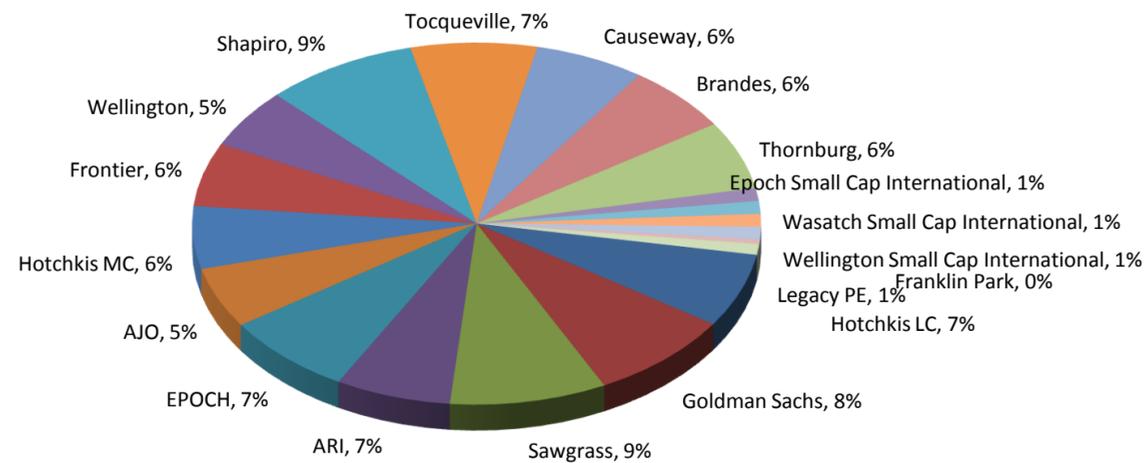
# Oklahoma Teachers' Retirement System Equity Portfolios

Performance Summary as of January 31, 2012



	Market Value	Last Month	Last Quarter	Fiscal Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Hotchkis & Wiley Large Cap	386,165,712	5.6	5.9	-1.4	-0.5	24.8	-3.9	5.2	9.8	9.1	3.31.90
Russell 1000 Value		3.8	5.3	-1.6	1.9	17.6	-2.2	4.4			
Goldman Sachs	480,665,128	6.5	5.4	0.5	3.4	20.1	2.5	2.9	9.5	8.2	3.31.90
Sawgrass	<b>521,072,679</b>	4.4	6.4	<b>3.7</b>	<b>11.2</b>	19.4	2.5	-	4.4	5.1	6.30.06
Russell 1000 Growth		6.0	5.6	1.8	6.1	22.3	3.2	3.4			
Advisory Research	383,833,147	5.1	6.2	0.2	5.6	19.1	-0.1	-	2.1	2.6	9.30.06
EPOCH	436,142,054	4.8	5.8	-2.6	3.7	19.7	2.3	-	3.8	2.6	9.30.06
Russell 3000		5.1	5.6	-0.2	3.9	20.2	0.6	-			
Russell 3000 Value		4.0	5.5	-1.7	1.8	17.9	-2.1	4.6			
Causeway Capital	365,163,071	7.8	1.6	-11.6	-8.3	17.8	-1.6	-	9.6	6.7	4.30.03
Brandes	354,821,355	4.6	-0.5	-10.4	-9.4	10.7	-3.5	7.3	10.1	-	1.31.96
Thornburg	357,059,899	6.0	-0.5	-12.4	-8.2	16.8	1.9	-	5.6	1.9	11.30.05
MSCI ACWI Ex US		6.8	0.2	-11.2	-8.8	16.7	-1.7	7.5			
Wellington	312,562,612	9.8	6.6	-5.6	0.6	28.8	3.3	8.7	9.8	7.4	8.31.98
Frontier Capital	331,923,801	7.6	5.6	-3.7	1.2	21.5	<b>6.4</b>	-	8.5	7.4	5.31.02
Russell MidCap Growth		7.3	5.1	-3.8	3.4	26.9	3.1	6.4			
AJO Partners	317,290,318	6.1	5.2	-3.9	5.8	23.9	2.5	8.2	9.4	7.6	8.31.98
Russell MidCap		6.1	5.4	-3.4	2.3	25.7	1.9	5.8			
Hotchkis & Wiley Mid Cap	327,279,993	<b>10.4</b>	<b>11.8</b>	-2.5	1.8	<b>35.2</b>	1.0	-	<b>11.5</b>	9.5	7.31.02
Russell MidCap Value		4.9	5.7	-3.0	1.2	24.5	0.4	-			
Shapiro Capital Management	507,811,852	8.2	7.5	-4.3	0.5	30.4	4.9	<b>10.9</b>	9.0	7.1	1.31.98
Tocqueville	420,762,038	9.5	5.5	-13.4	-7.7	16.6	-1.1	7.1	7.7	8.2	10.31.00
Russell 2000 Value		6.7	8.1	-2.9	0.7	20.9	-0.9	7.0			
Russell 2000		7.1	7.4	-3.4	2.9	23.0	1.2	6.5			
Advisory Research Small Cap International	66,893,531	8.5	-	-	-	-	-	-	8.5	8.3	12.31.11
Epoch Small Cap International	66,558,028	7.6	-	-	-	-	-	-	7.6	8.3	12.31.11
Wasatch Small Cap International	67,275,074	7.2	-	-	-	-	-	-	7.2	8.3	12.31.11
Wellington Small Cap International	66,220,630	7.6	-	-	-	-	-	-	7.6	8.3	12.31.11
MSCI EAFE Small Cap		8.3	0.4	-12.4	-9.7	20.3	-3.0	10.2			
Legacy Private Equity Portfolio	56,634,653	-0.2	-0.9	-0.3	-5.5	-2.1	-	-	-6.4	-	9.30.08
Franklin Park Private Equity	22,965,280	-	-	-	-	-	-	-	-	-	5.31.11

## Equity Portfolio Allocation by Manager

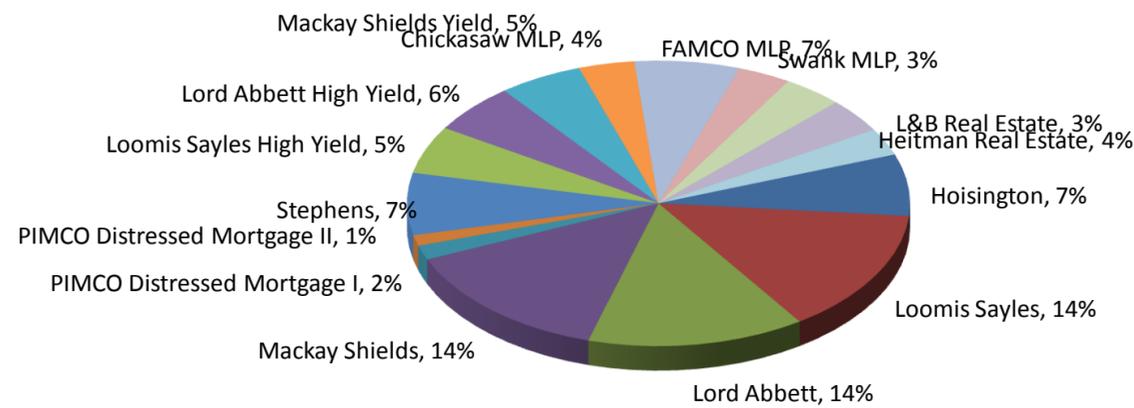


Oklahoma Teachers' Retirement System Fixed Income Portfolios  
Performance Summary as of January 31, 2012



	Market Value	Last Month	Last Quarter	Fiscal Year to Date	1 Year	3 Years	5 Years	10 Years	Since Inception	Index Since Inception	Inception Date
Hoisington	282,010,635	-0.6	7.2	38.3	46.4	11.8	12.7	-	10.6	5.5	10.31.04
Loomis Sayles	570,238,854	2.3	3.0	6.2	9.9	13.9	10.1	7.6	7.4	6.4	7.31.99
Lord Abbett	565,086,186	1.5	2.6	6.0	9.3	11.2	8.1	-	6.8	5.5	10.31.04
Mackay Shields	568,311,841	1.7	2.6	5.5	9.3	10.7	8.3	-	6.8	5.5	10.31.04
PIMCO Distressed Mortgage I	65,853,945	-	-	-	-	-	-	-	-	6.9	5.31.08
PIMCO Distressed Mortgage II	49,074,853	-	-	-	-	-	-	-	-	6.9	12.31.08
PIMCO BRAVO	41,752,791	-	-	-	-	-	-	-	-	-	3.31.11
Stephens	284,207,002	0.7	1.2	2.9	4.6	4.6	6.7	-	5.4	5.5	10.31.04
<i>Barclays Aggregate</i>			0.9	1.9	5.9	8.7	7.4	6.7	5.8		
Loomis Sayles High Yield	218,996,341	5.0	1.8	-4.0	-0.2	19.2	-	-	19.2	22.8	2.28.09
Lord Abbett High Yield	227,652,505	3.2	4.0	2.8	6.4	20.9	-	-	20.9	22.8	2.28.09
Mackay Shields Yield	218,213,994	2.5	3.2	4.5	7.7	19.1	-	-	19.1	22.8	2.28.09
<i>Merrill Lynch High Yield II</i>			2.9	3.1	2.4	5.2	22.8	-	-	-	
Chickasaw Capital MLP	145,089,018	2.4	10.6	14.0	18.4	-	-	-	18.4	12.6	2.28.2011
FAMCO MLP	273,151,347	1.7	8.1	11.1	11.5	-	-	-	11.5	12.6	2.28.2011
Swank MLP	138,518,245	2.9	8.2	11.1	13.1	-	-	-	13.1	12.6	2.28.2011
<i>Alerian MLP Index</i>			2.0	7.6	10.4	12.6	-	-	-	-	
AEW Real Estate	155,840,225	1.8	1.8	5.3	-	-	-	-	5.3	-	-
Heitman Real Estate	156,309,732	1.9	1.9	6.3	-	-	-	-	6.3	-	4.30.2011
L&B Real Estate	124,746,993	0.9	1.0	1.2	-	-	-	-	1.2	-	5.31.2011
<i>NCREIF - Open End Divers Core Equity</i>			3.0	3.4	7.0	-	-	-	-	-	

Fixed Income Portfolio Allocation by Manager

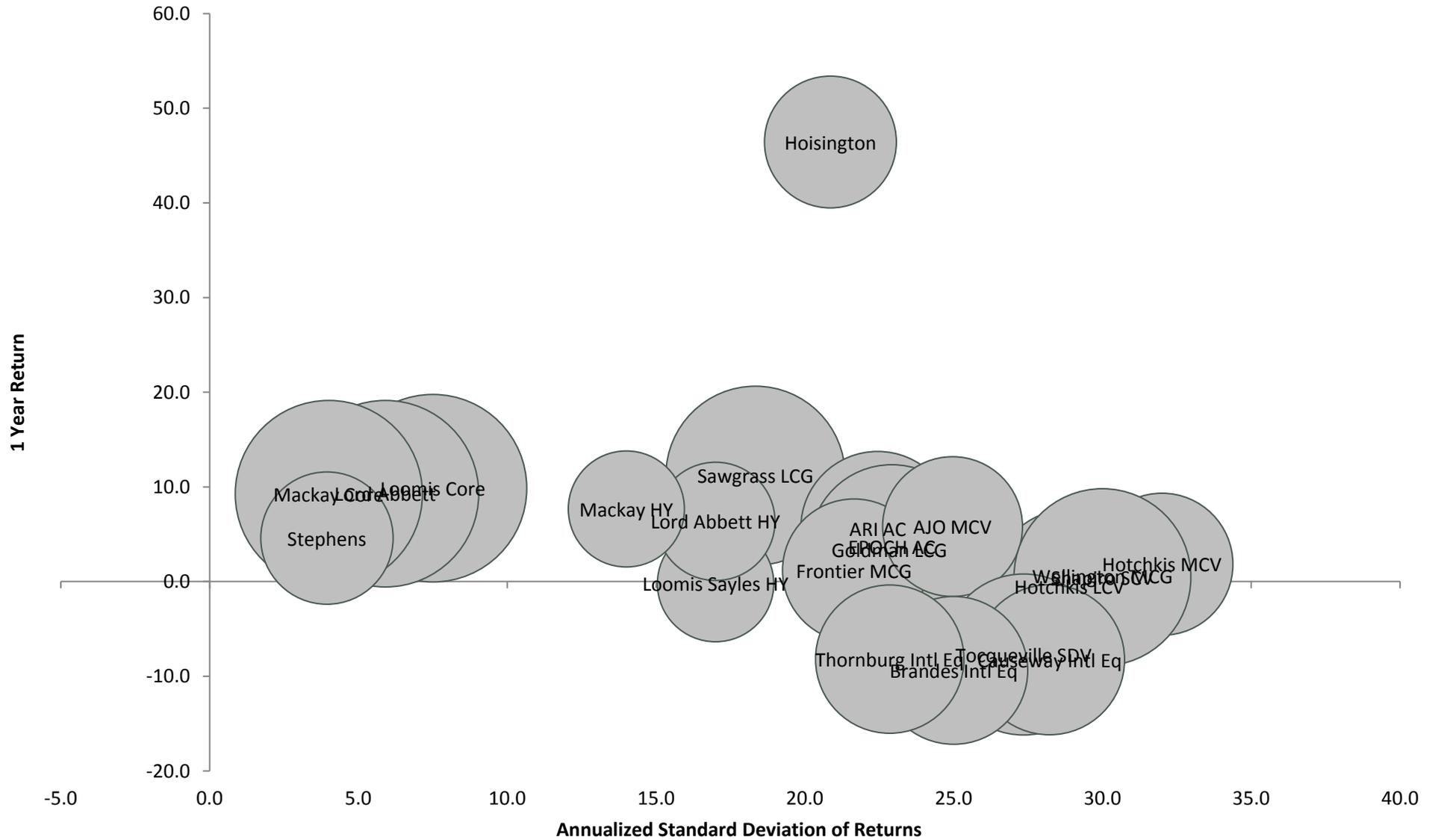


# Oklahoma Teachers' Retirement System Risk/Return Comparison

As of January 31, 2012



OKLAHOMA TEACHERS  
RETIREMENT SYSTEM



# Oklahoma Teachers' Retirement System

Estimated Net of Management Fee Performance Summary

As of January 31, 2012



Portfolio	Market Value	Estimated Fee	Last Month	Last Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Year Annualized	Since inception	Index Since inception	Inception Date
Hotchkis & Wiley	\$ 386,165,712	0.33	5.5	5.8	-0.9	24.4	-4.2	4.9	9.5	8.0	3.31.90
<i>Russell 1000 Value</i>			3.8	5.3	1.9	17.6	-2.2	4.4			
Goldman Sachs	\$ 480,665,128	0.27	6.4	5.3	3.1	19.8	2.2	2.6	9.2	6.6	3.31.90
Sawgrass	\$ 521,072,679	0.36	4.4	6.3	10.8	-	-	-	4.0	5.1	6.30.06
<i>Russell 1000 Growth</i>			6.0	5.6	6.1	22.3	3.2	3.4			
Advisory Research	\$ 383,833,147	0.34	5.1	6.1	5.3	18.8	-	-	1.8	2.6	9.30.06
EPOCH	\$ 436,142,054	0.44	4.8	5.7	3.2	19.2	-	-	3.3	2.6	9.30.06
<i>Russell 3000</i>			5.1	5.6	3.9	20.2	3.2	3.4			
AJO Partners	\$ 317,290,318	0.55	6.1	5.1	5.3	23.3	1.9	7.6	8.8	7.6	8.31.98
Wellington	\$ 312,562,612	0.45	9.8	6.5	0.1	28.4	2.9	8.3	9.3	7.4	8.31.98
Frontier Capital Management	\$ 331,923,801	0.56	7.6	5.4	0.6	21.0	5.8	-	7.9	7.4	5.31.02
Hotchkis & Wiley Mid Cap	\$ 327,279,993	0.50	10.3	11.6	1.3	34.7	0.5	-	11.0	9.5	7.31.02
<i>Russell MidCap</i>			6.1	5.4	2.3	25.7	1.9	5.8			
Shapiro Capital Management	\$ 507,811,852	0.72	8.1	7.4	-0.3	29.7	4.2	10.2	8.3	7.1	1.31.98
Tocqueville	\$ 420,762,038	0.66	9.4	5.3	-8.4	15.9	-1.8	-	7.0	-	9.30.00
<i>Russell 2000</i>			7.1	7.4	2.9	23.0	1.2	6.5			
Legacy Private Equity	\$ 56,634,653	-	-	-	-	-	-	-	-	-	9.30.08
Franklin Park	\$ 22,965,280	-	-	-	-	-	-	-	-	-	5.31.11
<i>S&amp;P 500 + 4.0%</i>			4.6	6.3	8.2	23.2	4.3	7.5			
Causeway Capital	\$ 365,163,071	0.36	7.8	1.5	-8.6	17.4	-2.0	-	9.3	6.7	4.30.03
Brandes	\$ 354,821,355	0.42	4.6	-0.6	-9.8	10.2	-4.0	6.9	9.7	-	1.31.96
Thornburg	\$ 357,059,899	0.51	6.0	-0.6	-8.7	16.3	-	-	5.1	1.9	11.30.05
<i>MSCI ACWI Ex US</i>			6.8	0.2	-8.8	16.7	-1.7	7.5			
Advisory Research	\$ 66,893,531	0.70	8.4	-	-	-	-	-	-	-	12.31.2011
Epoch	\$ 66,558,028	0.83	7.6	-	-	-	-	-	-	-	12.31.2011
Wellington	\$ 67,275,074	0.98	7.1	-	-	-	-	-	-	-	12.31.2011
Wasatch	\$ 66,220,630	0.90	7.5	-	-	-	-	-	-	-	12.31.2011
<i>MSCI EAFE Small Cap</i>			8.3	0.4	-12.4	-9.7	20.3	-3.0			
Hoisington	\$ 282,010,635	0.15	-0.6	7.1	46.3	11.7	12.5	-	10.4	5.5	10.31.04
Loomis Sayles	\$ 570,238,854	0.15	2.3	3.0	9.7	13.8	9.9	7.5	7.3	6.4	7.31.99
Lord Abbett	\$ 565,086,186	0.17	1.5	2.5	9.1	11.1	7.9	-	6.6	5.5	10.31.04
Mackay Shields	\$ 568,311,841	0.21	1.6	2.5	9.0	10.5	8.1	-	6.6	5.5	10.31.04
PIMCO Distressed Mortgage I	\$ 65,853,945	0.25	-	-	-	-	-	-	-	6.9	5.31.2008
PIMCO Distressed Mortgage II	\$ 49,074,853	0.25	-	-	-	-	-	-	-	6.9	12.31.2008
Stephens	\$ 284,207,002	0.16	0.7	1.0	4.4	4.5	6.6	-	5.3	5.5	10.31.04
<i>Barclays Aggregate</i>			0.9	1.9	8.7	7.4	6.7	5.8			
Loomis Sayles High Yield	\$ 218,996,341	0.50	4.9	1.6	-0.7	14.3	-	-	18.7	22.8	2.28.09
Lord Abbett High Yield	\$ 227,652,505	0.38	3.2	3.9	6.0	17.7	-	-	20.5	22.8	2.28.09
Mackay Shields High Yield	\$ 218,213,994	0.45	2.5	3.1	7.2	16.6	-	-	18.6	22.8	2.28.09
<i>ML High Yield II</i>			2.9	3.1	2.4	22.6	-	-			
AEW Real Estate	\$ 155,840,225	0.83	1.8	1.6	-	-	-	-	-	0.9	-
Heitman Real Estate	\$ 156,309,732	0.82	1.9	1.6	-	-	-	-	-	0.9	4.30.2011
L&B Real Estate	\$ 124,746,993	0.45	0.9	0.8	-	-	-	-	-	0.9	5.31.2011
<i>NCREIF - Open End Divers Core Equity</i>			3.0	3.4	7.0	-	-	-			
Chickasaw MLP	\$ 145,089,018	0.80	2.3	10.4	-	-	-	-	-	17.6	2.28.2011
FAMCO MLP	\$ 273,151,347	0.50	1.6	8.0	-	-	-	-	-	17.6	2.28.2011
Swank MLP	\$ 138,518,245	0.45	2.9	8.1	-	-	-	-	-	17.6	2.28.2011
<i>Alerian MLP Index</i>			2.0	7.6	10.4	-	-	-			
<b>Total Fund</b>	<b>\$ 10,021,227,152</b>	<b>0.35</b>	<b>4.5</b>	<b>4.1</b>	<b>3.7</b>	<b>16.8</b>	<b>3.2</b>	<b>6.7</b>	<b>8.8</b>	9.0	11.30.91
<i>Allocation Index</i>			4.2	3.9	4.6	17.0	2.7	6.3	9.0		
<i>Actuarial Assumption</i>			0.6	1.9	8.0	8.0	8.0	8.0	8.0		



# Oklahoma Teachers' Retirement System

Manager Status Summary  
As of January 31, 2012



Manager	% of Total Portfolio	Mandate	Status	Reason - Date of Most Recent Change (term)
<b>Domestic Equity</b>				
<b>Goldman Sachs</b>	<b>5%</b>	<b>Large Cap Growth Equity</b>	<b>On Notice</b>	<b>Terminated</b>
Sawgrass	5%	Large Cap Growth Equity	In Compliance	
Hotchkis & Wiley	4%	Large Cap Value Equity	In Compliance	
Advisory Research	4%	All Cap Equity	In Compliance	
EPOCH	4%	All Cap Equity	In Compliance	
AJO Partners	3%	Mid Cap Equity	In Compliance	
Frontier Capital Management	3%	Mid Cap Growth Equity	In Compliance	
Hotchkis & Wiley	3%	Mid Cap Value Equity	In Compliance	
Wellington	3%	Mid Cap Growth Equity	In Compliance	
Shapiro Capital Management	5%	Small Cap Value Equity	In Compliance	
<b>Tocqueville</b>	<b>4%</b>	<b>Small Cap Value Equity</b>	<b>On Alert</b>	<b>Performance/Compliance - June 2012 (December 2011)</b>
Franklin Park	0%	Private Equity	In Compliance	
<b>International Equity</b>				
<b>Brandes</b>	<b>4%</b>	<b>International Value Equity</b>	<b>On Notice</b>	<b>Performance - March 2011 (March 2012)</b>
Causeway Capital	4%	International Value Equity	In Compliance	
Thornburg	4%	International Value Equity	In Compliance	
Advisory Research	1%	International Small Cap Equity	In Compliance	
Epoch	1%	International Small Cap Equity	In Compliance	
Wellington	1%	International Small Cap Equity	In Compliance	
Wasatch	1%	International Small Cap Equity	In Compliance	
<b>Fixed Income</b>				
Hoisington	3%	Fixed Income	In Compliance	
Loomis Sayles	6%	Fixed Income	In Compliance	
Lord Abbett	6%	Fixed Income	In Compliance	
Mackay Shields	6%	Fixed Income	In Compliance	
Stephens	3%	Fixed Income	In Compliance	
Loomis Sayles - High Yield	2%	High Yield Fixed Income	In Compliance	
Lord Abbett - High Yield	2%	High Yield Fixed Income	In Compliance	
Mackay Shields - High Yield	2%	High Yield Fixed Income	In Compliance	
Chickasaw	1%	MLPs	In Compliance	
Famco	3%	MLPs	In Compliance	
Swank	1%	MLPs	In Compliance	



# OKLAHOMA TEACHERS RETIREMENT SYSTEM

**executive summary report  
fourth quarter, 2011**

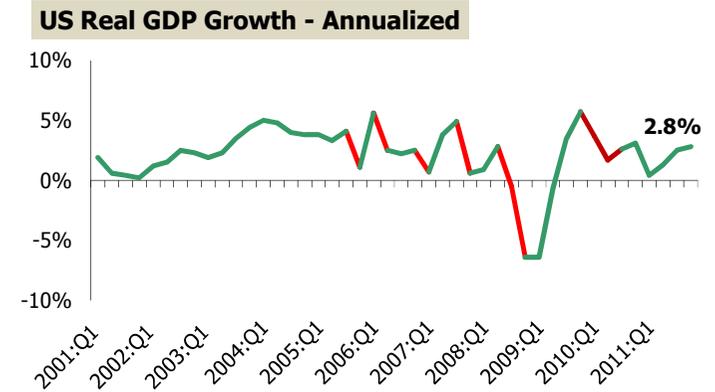


Gregory W Group

## FOURTH QUARTER 2011 MARKET ENVIRONMENT

2011 was a memorable year for investors. Macroeconomic turmoil dominated financial markets as momentous questions remained unresolved. U.S. equity investors endured large swings in sentiment and prices before ending the year virtually flat. The largest issue throughout the year was Europe's debt crisis and economic slowdown. Although progress was made on the issue, the real test of the European union's strength will likely come in 2012 when nearly \$2 trillion in Euro debt comes due. It is suspected that Greece will default on its sovereign debt, perhaps followed by other peripheral European countries. During 2011, the crisis caused the Greek and Italian governments to fall. Despite these serious challenges, the U.S. economy managed to trudge forward with slow but steady growth during 2011.

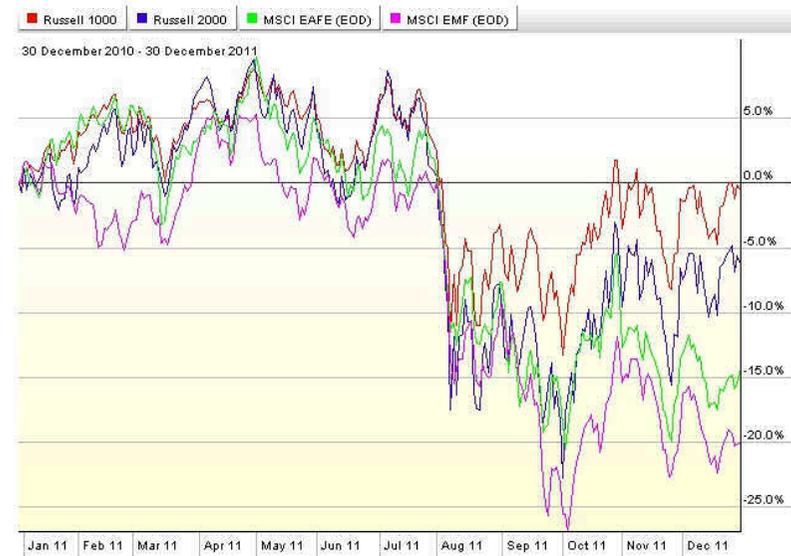
- Fourth quarter U.S. Real GDP growth was 2.8%, a notable increase from the previous quarter's gain. Total growth for the year was just 1.7%. U.S. Real GDP rose 3.0% during 2010.
- The unemployment rate started the fourth quarter at 9.1%. It is believed that unemployment declined during the fourth quarter to less than 9.0%. The Consumer Price Index rose by more than 3% for the year. The U.S. housing market remained weak.
- The Federal Reserve again took no action on short-term interest rates, leaving them unchanged at 0.00% to 0.25%. "Operation Twist", the Federal Reserve's sale of short term Treasuries and the purchase of an equal amount (\$400 billion) of long-term Treasury bonds, caused longer term interest rates to decline. In early 2012, the Federal Reserve stated that it expected to leave interest rates at this level *until 2014*.
- Corporate pension funded status deteriorated marginally during the quarter. For the year 2011, funded status deteriorated meaningfully as portfolio returns averaged 3% vs. liability returns of +20%. Historically low interest rates were the root cause of the near record shortfall.
- The U.S. dollar finished 2011 3% higher versus the Euro. The Japanese Yen rose 5% versus the U.S. Dollar during 2011. Converging monetary policies among Europe, Japan, and the U.S. reduced currency divergence.
- Generally speaking, hedge funds posted disappointing returns during 2011. Several large funds endured a difficult year. The Hedge Fund Research HFRX equal weighted index of hedge funds fell -5.0% for the year.
- Precious metal prices weakened appreciably during the fourth quarter.
- World real GDP growth expectations are still positive but depressed versus historical standards. Consensus estimate for 2012 world GDP growth is 2.5%. Emerging countries are expected to outperform developed countries.



# DOMESTIC AND INTERNATIONAL EQUITY SUMMARY

The U.S. and foreign equity markets generally rose during the quarter. Volatility remained treacherously high. Investors faced a bipolar market (very strong or very weak) with high correlations of returns among individual stocks. IPO activity was lackluster during the quarter. The average European unemployment rate ended the year at 10.3%. Spanish unemployment was almost 23%.

- Top contributing sectors of the domestic equity market were **Energy (18% return)**, **Industrials (16%)**, and **Information Technology (9%)**. The lowest contributing index sectors were **Telecom Services (8%)**, **Utilities (8%)**, and **Materials (15%)**.
- The three largest individual contributors to the Russell 1000's fourth quarter return were **Exxon Mobil (+17% return)**, **Pfizer (+24%)**, and **Google (+25%)**.
- Value stocks outpaced growth stocks during the fourth quarter. Performance was mixed over the full year, with growth leading value among large caps but value leading among mid and small caps. Large caps outperformed mid and small caps across the capitalization spectrum.
- The **Russell 1000's price/earnings ratio ended the fourth quarter of 2011 at 14.1**, an increase from 12.9 at the end of the fourth. **Earnings growth remained positive as corporate America remained focused on cost control.** The Russell Mid Cap and Russell 2000's price/earnings ratios were 15.9 and 16.9 respectively, versus 14.3 and 14.9 last quarter. Corporate America continued to improve. Profits and cash holdings are near all-time highs.
- The debt crisis in Europe has depressed the growth outlook for European countries and threatens to spread from there. Consensus estimates are for Europe to suffer a modest recession during 2012. In U.S. Dollar terms, Pacific ex-Japan posted the best fourth quarter return among regional indexes. Despite structural weaknesses, Europe managed a gain. Japan suffered a loss. **For the year 2011, the U.S. equity market's return ranked 4<sup>th</sup> out of 33 world equity markets.**
- The Philippines, Indonesia, and Ireland were the top performing markets over 2011, posting returns of 3%, 3%, and -1% in U.S. Dollar terms. Poorest performing markets were Greece (-59%), Austria (-36%), and Finland (-33%).
- Nine out of ten sectors within the MSCI ACWI ex US index sectors posted fourth quarter gains.** The quarter's leading performance contributors were Energy (15% fourth quarter return), Consumer Staples (7%), and Industrials (5%). The quarter's leading detractors were Materials (5%), Telecom Services (4%), and Utilities (2%).



Twelve Month Forward P/E Ratio				
	Europe ex UK	UK	Japan	Asia ex Japan
Current Value	9.5	9.2	11.3	11.2
<b>Post 1990 Average</b>	<b>14.2</b>	<b>12.6</b>	<b>32.3</b>	<b>13.9</b>
Discount/Premium	-33.1%	-27.0%	-65.0%	-34.1%

- Emerging markets stocks posted gains during the quarter. The Chinese economy showed signs of slowing growth during the second half of 2011. They suffered serious losses over the last year. For the year ended December 31, emerging markets fell -18%.
- The top three contributors to the MSCI ACWI ex-U.S. index's fourth quarter return were Royal Dutch Shell (+20% return), BP (+19%), and Samsung (+29%). The bottom three contributors were Lloyds Banking Group (-26% return), Mitsubishi UFJ Financial (-8%), and Toyota (-4%).

## FIXED INCOME SUMMARY

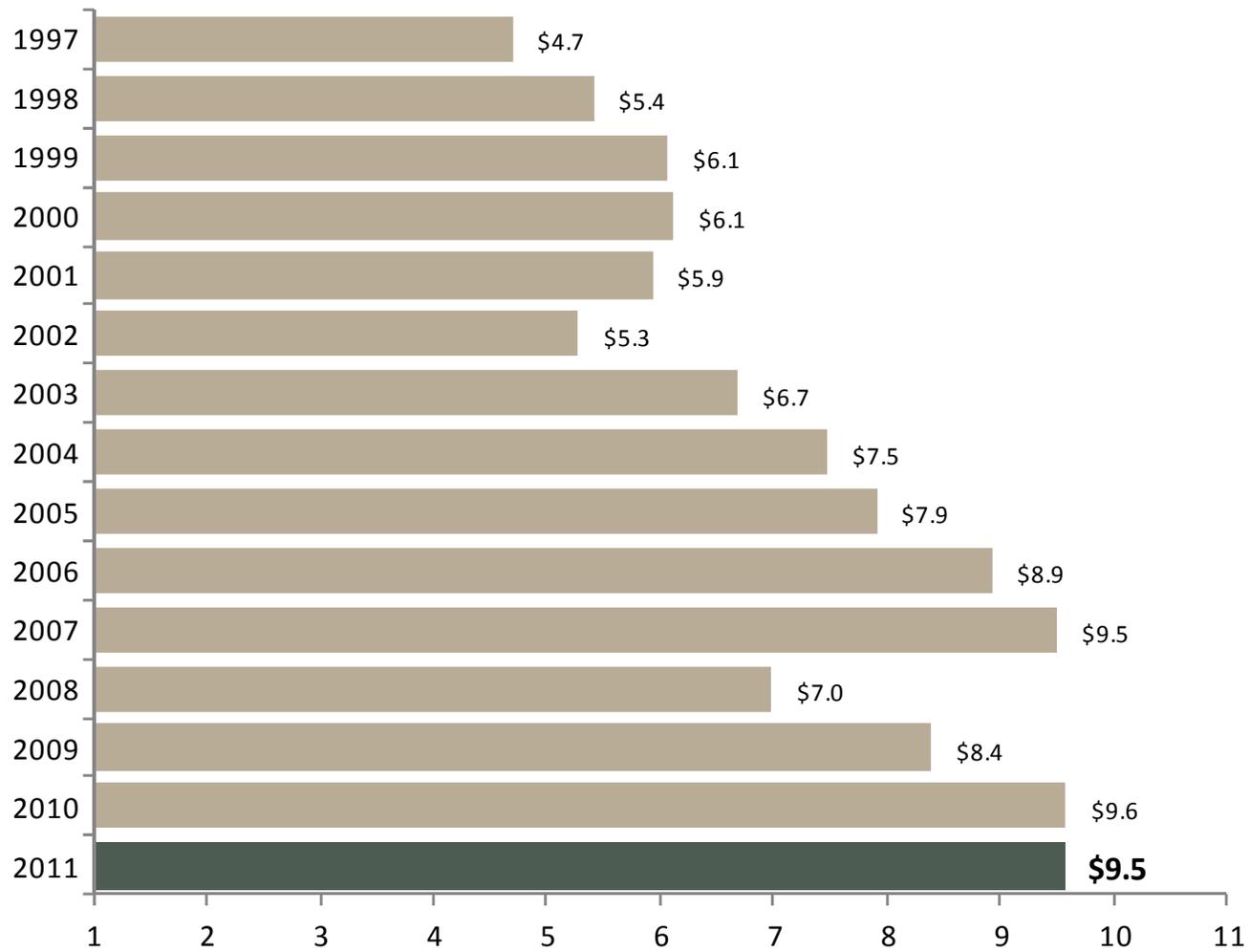
Bond markets were again dominated by the global sovereign debt and banking crises. A polarized political situation in Washington prevented much progress on fiscal or legislative fronts. The housing market, still weak, showed some traces of improvement. Unemployment edged lower due to seasonal factors. Fears of contagion from a European debt crisis extended through year end and appear to be unsolvable anytime soon. Should the debt crisis escalate, it will likely have a contagion effect as global banks suffer from “shocks” that will be transmitted across national borders. Despite being downgraded from AAA to AA during 2011, U.S. Treasury bonds posted generous returns as investors sought “safer” investments. The U.S. Federal Reserve approved “Operation Twist” at their September meeting. The program, which bought large quantities of longer term U.S. Treasury bonds sparked a rally during the quarter but is expected to have relatively little effect on economic growth. However, the combination of low inflation and strong corporate balance sheets made 2011 another good year for bonds.

- Bonds trailed equities during the fourth quarter. U.S. Treasury yields were essentially unchanged during the quarter despite declining sharply during December. However, interest rates ended the year sharply lower. In inflation adjusted terms, the 10 year Treasury bond ended the year with a slightly negative yield. The yield on the thirty year Treasury bond ended the year at 2.9%. Viewed as a haven during volatile markets, the thirty year bond posted a return of almost 30% during the year. Most of the return came in the second half of the year. Mortgage backed bonds underperformed the broad bond market. Delinquencies and foreclosures on residential mortgages remained stubbornly high. U.S. corporate debt issuance declined modestly on a year over year basis. Municipal bond issuance fell noticeably.
- Yield spreads narrowed during the fourth quarter as investors accepted risk in exchange for higher yields. Spreads of higher quality bonds improved relative to lower quality bonds.
- High yield bonds posted attractive returns during the fourth quarter, leading all other fixed income market sectors. Emerging market debt and TIPS also posted notable gains for the quarter. High yield bonds were the poorest performing segment for the full year, gaining 5%. High yield spreads ended the year at 7.2% while defaults were just 1.7% of debt outstanding. High yield debt Issuance was high during the year.

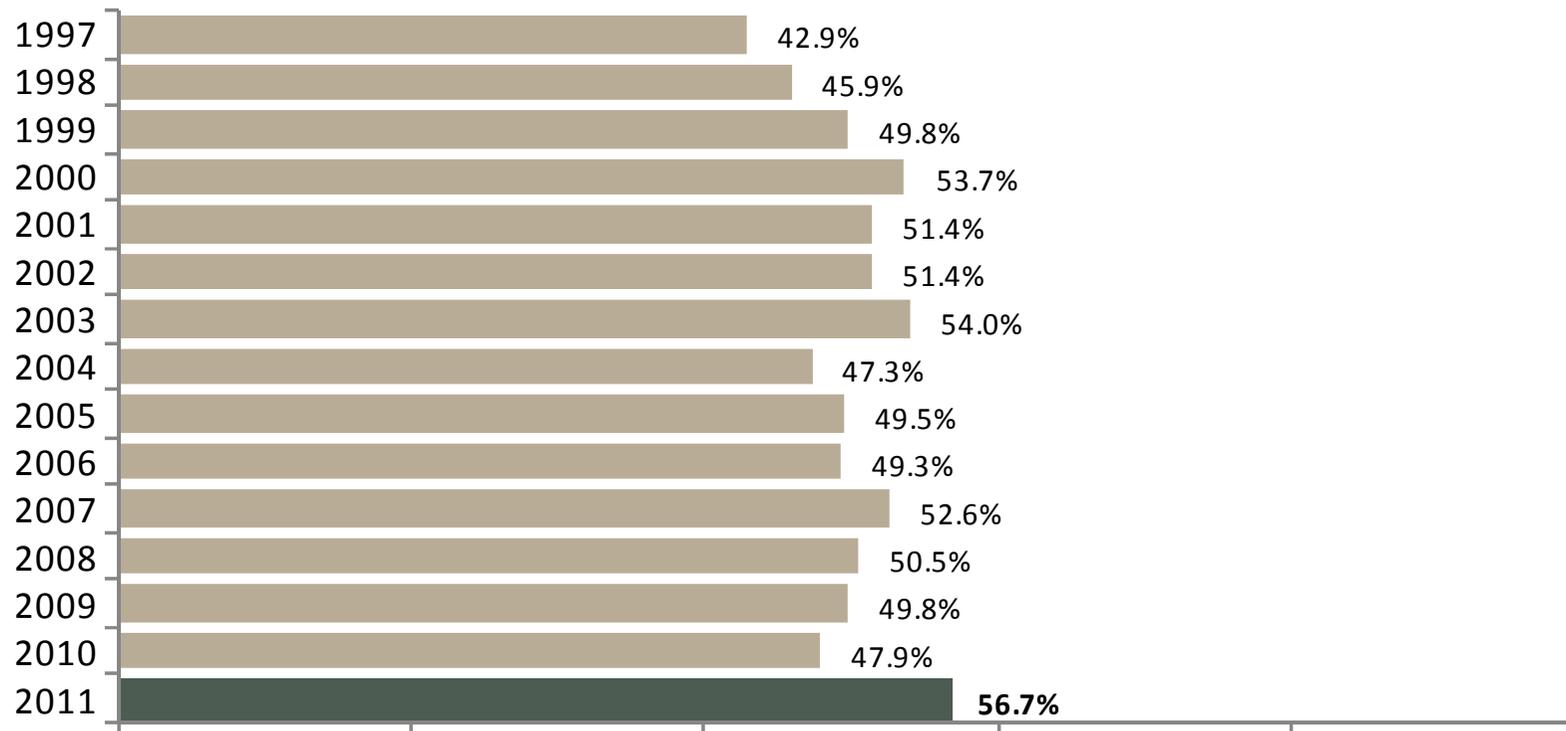
Risk Level	Time Horizon			
	One Year		Three Years (annualized)	
	Terminal Yield	Total Return	Terminal Yield	Total Return
<b>Low</b>				
2 Year Treasury (12.31 = 0.2%)	2.5%	<b>-4.1%</b>	5.0%	<b>-2.8%</b>
	1.5%	<b>-2.2%</b>	4.0%	<b>-2.2%</b>
	0.5%	<b>-0.3%</b>	3.0%	<b>-1.6%</b>
<b>Medium</b>				
10 Year Treasury	4.5%	<b>-19.0%</b>	6.0%	<b>-9.1%</b>
(12.31 = 1.9%)	3.5%	<b>-11.7%</b>	5.3%	<b>-7.2%</b>
	2.5%	<b>-3.6%</b>	4.0%	<b>-4.0%</b>
<b>High Risk</b>				
30 Year Treasury	5.5%	<b>-35.2%</b>	6.5%	<b>-14.9%</b>
(12.31 = 2.9%)	4.5%	<b>-23.5%</b>	5.5%	<b>-10.9%</b>
	3.5%	<b>-8.4%</b>	4.5%	<b>-6.2%</b>

<b>Domestic Equity</b>	<i>Last Quarter</i>	<i>Last Year</i>	<i>Last Three Years Annualized</i>	<i>Last Five Years Annualized</i>	<i>Last Ten Years Annualized</i>
<b>S&amp;P 500</b>	<b>11.8</b>	<b>2.1</b>	<b>14.1</b>	<b>-0.3</b>	<b>2.9</b>
<b>Russell 1000</b>	<b>11.8</b>	<b>1.5</b>	<b>14.8</b>	<b>0.0</b>	<b>3.4</b>
<b>Russell 1000 Value</b>	<b>13.1</b>	<b>0.4</b>	<b>11.6</b>	<b>-2.6</b>	<b>3.9</b>
<b>Russell 1000 Growth</b>	<b>10.6</b>	<b>2.6</b>	<b>18.0</b>	<b>2.5</b>	<b>2.6</b>
<b>Russell 3000</b>	<b>12.1</b>	<b>1.0</b>	<b>14.9</b>	<b>0.0</b>	<b>3.5</b>
<b>Russell Midcap</b>	<b>12.3</b>	<b>-1.6</b>	<b>20.2</b>	<b>1.4</b>	<b>7.0</b>
<b>Russell Midcap Value</b>	<b>13.4</b>	<b>-1.4</b>	<b>18.2</b>	<b>0.0</b>	<b>7.7</b>
<b>Russell Midcap Growth</b>	<b>11.2</b>	<b>-1.7</b>	<b>22.1</b>	<b>2.4</b>	<b>5.3</b>
<b>Russell 2000</b>	<b>15.5</b>	<b>-4.2</b>	<b>15.6</b>	<b>0.2</b>	<b>5.6</b>
<b>Russell 2000 Value</b>	<b>16.0</b>	<b>-5.5</b>	<b>12.4</b>	<b>-1.9</b>	<b>6.4</b>
<b>Russell 2000 Growth</b>	<b>15.0</b>	<b>-2.9</b>	<b>19.0</b>	<b>2.1</b>	<b>4.5</b>
<b>Alerian MLP</b>	<b>16.3</b>	<b>13.9</b>	<b>39.8</b>	<b>14.2</b>	<b>15.5</b>
<b>Fixed Income</b>					
<b>Barclays Capital Aggregate Bond</b>	<b>1.1</b>	<b>7.8</b>	<b>6.8</b>	<b>6.5</b>	<b>5.8</b>
<b>Barclays Capital Credit</b>	<b>1.7</b>	<b>8.4</b>	<b>10.9</b>	<b>6.8</b>	<b>6.4</b>
<b>Barclays Capital Government</b>	<b>0.8</b>	<b>9.0</b>	<b>4.0</b>	<b>6.6</b>	<b>5.6</b>
<b>Barclays Capital Govt/Credit</b>	<b>1.2</b>	<b>8.7</b>	<b>6.6</b>	<b>6.6</b>	<b>5.9</b>
<b>Barclays Capital Interm Credit</b>	<b>1.1</b>	<b>5.4</b>	<b>9.6</b>	<b>6.2</b>	<b>5.8</b>
<b>Barclays Capital Interm Govt</b>	<b>0.7</b>	<b>6.1</b>	<b>3.5</b>	<b>5.9</b>	<b>4.9</b>
<b>Barclays Capital Interm Govt/Cred</b>	<b>0.8</b>	<b>5.8</b>	<b>5.7</b>	<b>5.9</b>	<b>5.2</b>
<b>Barclays Capital Long Credit</b>	<b>3.2</b>	<b>17.1</b>	<b>14.8</b>	<b>8.6</b>	<b>8.1</b>
<b>Barclays Capital Long Term Govt</b>	<b>1.8</b>	<b>29.2</b>	<b>7.5</b>	<b>10.8</b>	<b>8.9</b>
<b>Barclays Capital Long Govt/Credit</b>	<b>2.6</b>	<b>22.5</b>	<b>11.2</b>	<b>9.7</b>	<b>8.5</b>
<b>Barclays Capital Fixed Rate MBS</b>	<b>0.9</b>	<b>6.2</b>	<b>5.8</b>	<b>6.5</b>	<b>5.7</b>
<b>Merrill Lynch US High Yield Master II</b>	<b>6.2</b>	<b>4.4</b>	<b>23.7</b>	<b>7.3</b>	<b>8.6</b>
<b>91 Day T-Bill</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>1.4</b>	<b>1.9</b>
<b>Consumer Price Index</b>	<b>-0.1</b>	<b>3.0</b>	<b>2.4</b>	<b>2.2</b>	<b>2.5</b>
<b>International</b>					
<b>MSCI EAFE</b>	<b>3.3</b>	<b>-12.1</b>	<b>7.7</b>	<b>-4.7</b>	<b>4.7</b>
<b>MSCI World ex US</b>	<b>3.5</b>	<b>-12.2</b>	<b>8.5</b>	<b>-4.1</b>	<b>5.1</b>
<b>MSCI Europe</b>	<b>5.4</b>	<b>-11.1</b>	<b>7.9</b>	<b>-5.2</b>	<b>4.4</b>
<b>MSCI Japan</b>	<b>-3.9</b>	<b>-14.3</b>	<b>1.7</b>	<b>-6.6</b>	<b>3.0</b>
<b>MSCI Pacific ex Japan</b>	<b>6.0</b>	<b>-12.8</b>	<b>20.8</b>	<b>2.7</b>	<b>11.6</b>
<b>MSCI Emerging Markets</b>	<b>4.1</b>	<b>-20.4</b>	<b>17.4</b>	<b>0.1</b>	<b>11.2</b>
<b>Citigroup Non-\$ World Gov</b>	<b>-0.5</b>	<b>5.2</b>	<b>4.9</b>	<b>7.2</b>	<b>8.4</b>

# Total Fund Market Value (in billions)



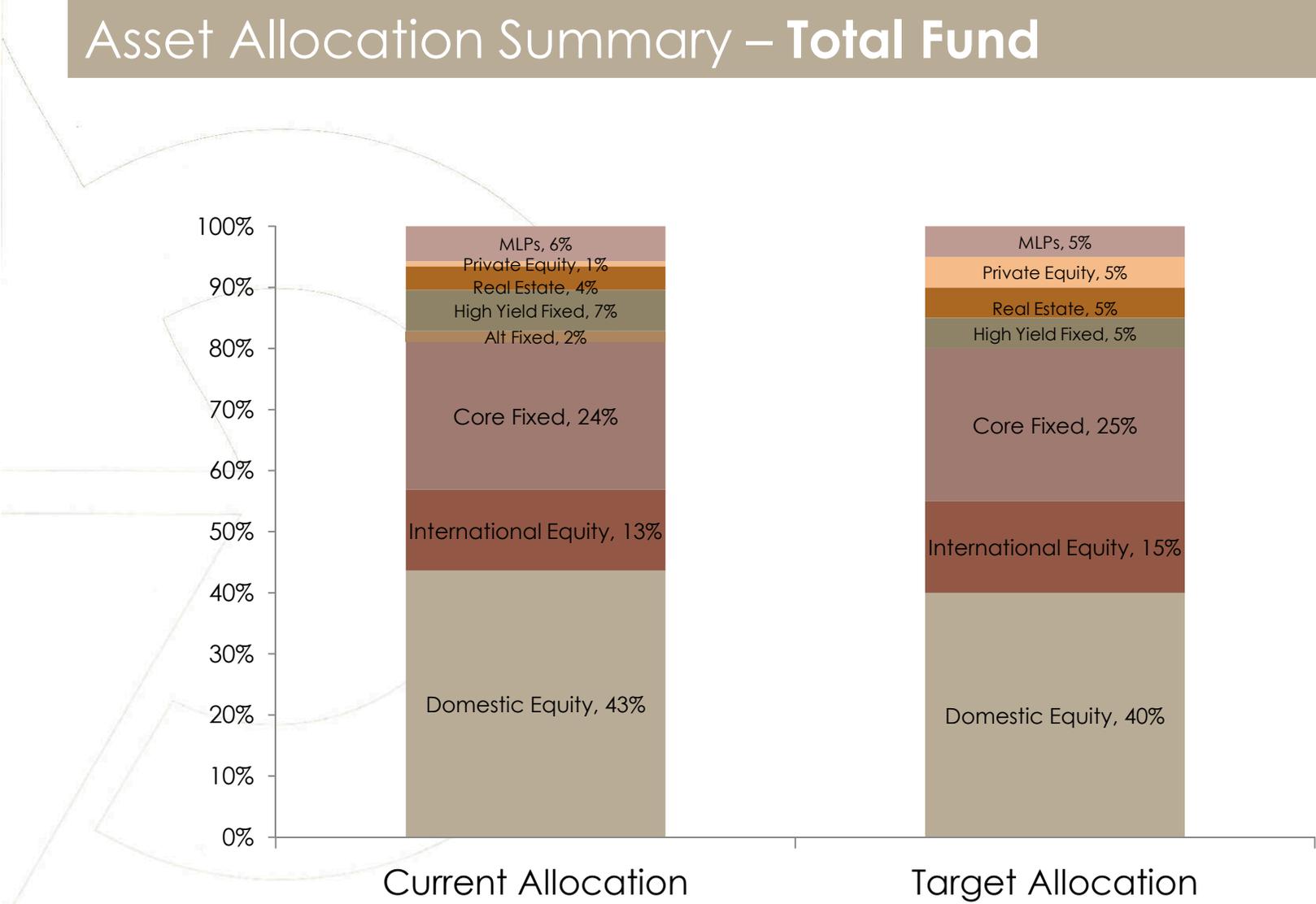
# Funded Status History – As of Fiscal Year End



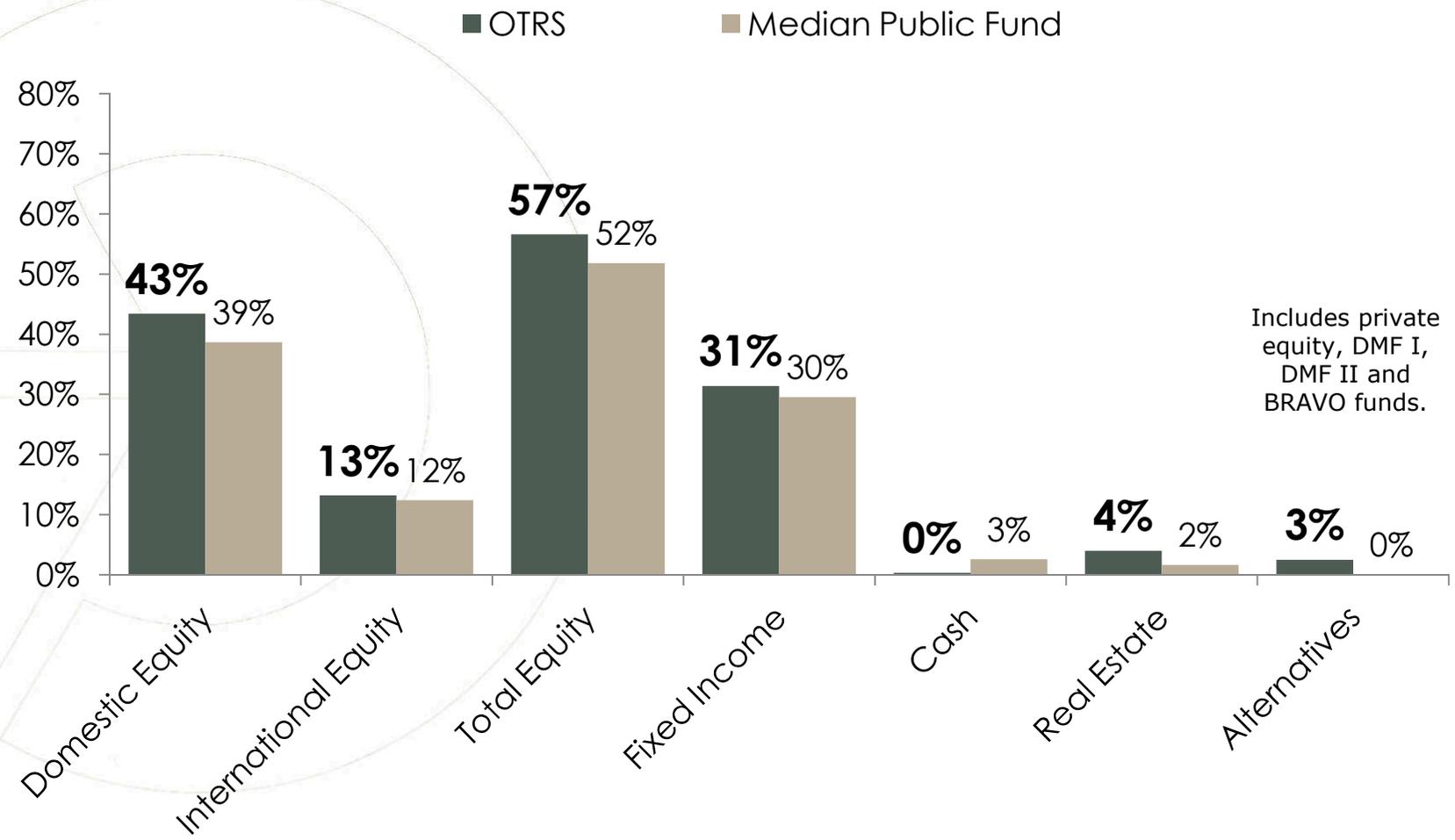
## Observations – Fourth Quarter, 2011

- ▶ **INVESTMENT PERFORMANCE:** Returns were positive for the last quarter of calendar 2011. Domestic equity, international equity and fixed income all posted gains. **The total fund gained 7.7% during the quarter, which ranked in the 8<sup>th</sup> percentile of the public funds universe.** The fund's overweight to equities and active investment results combined to earn the top decile rank. **Master Limited Partnerships** were the top performing asset class for the trailing quarter and one year. The fund had a fiscal year to date return of -4.3%.
- ▶ **INVESTMENT MANAGEMENT:** Four **new international small cap** equity managers were funded during the fourth quarter. **Tocqueville** was downgraded to On Alert due to policy compliance issues. **Goldman Sachs** was recently terminated due to personnel issues. They will be replaced by a passive large cap equity allocation.
- ▶ **ASSET ALLOCATION:** Cash flows were used to balance the total fund's allocation. The gradual funding of the private equity allocation makes it appear that the domestic large cap/all cap portfolio is overweight. An allocation to **opportunistic investments** was recently approved (0% to 5% of the total fund). The three PIMCO funds will be moved into the allocation. Other investments are under consideration.

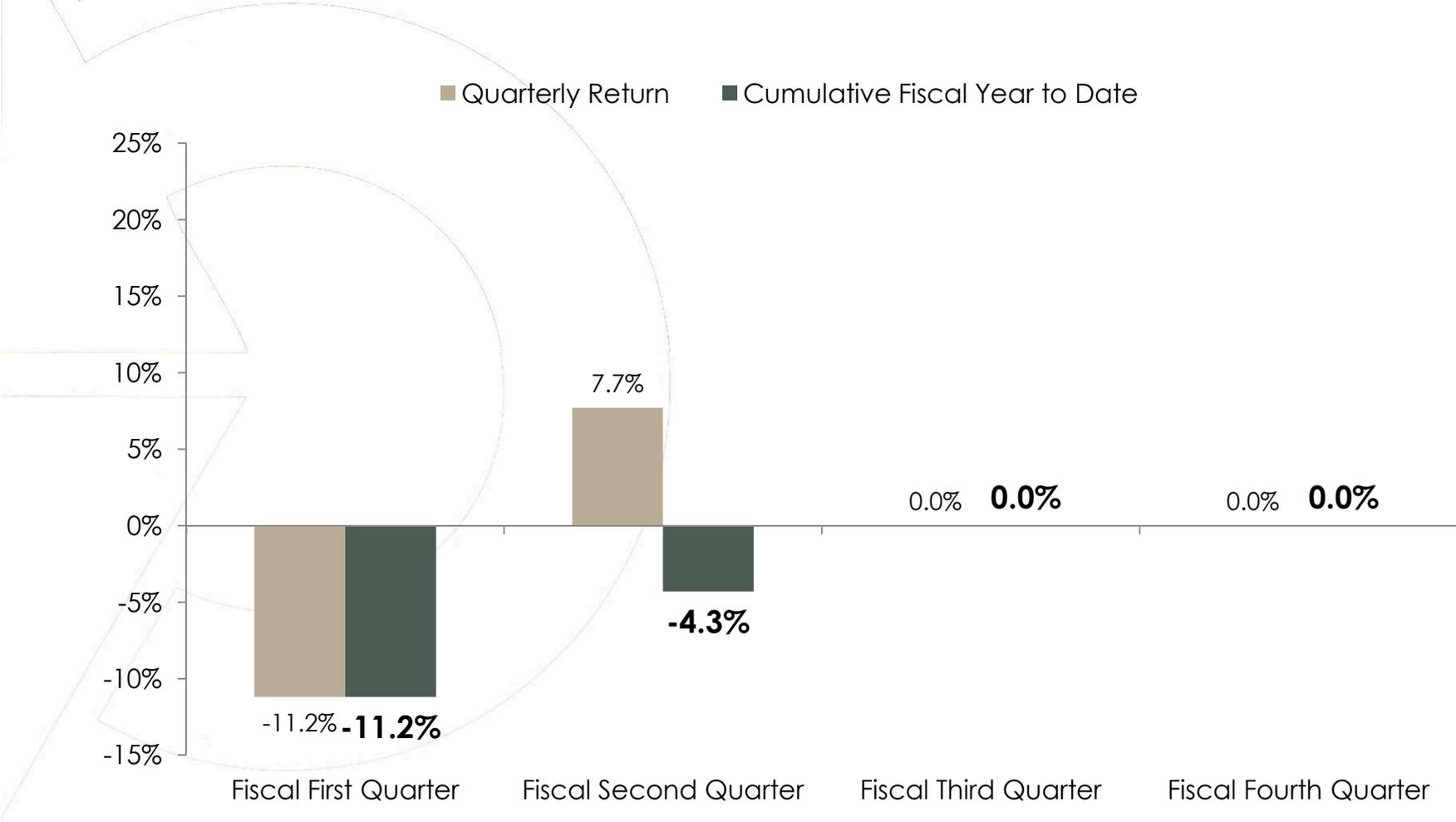
# Asset Allocation Summary – Total Fund



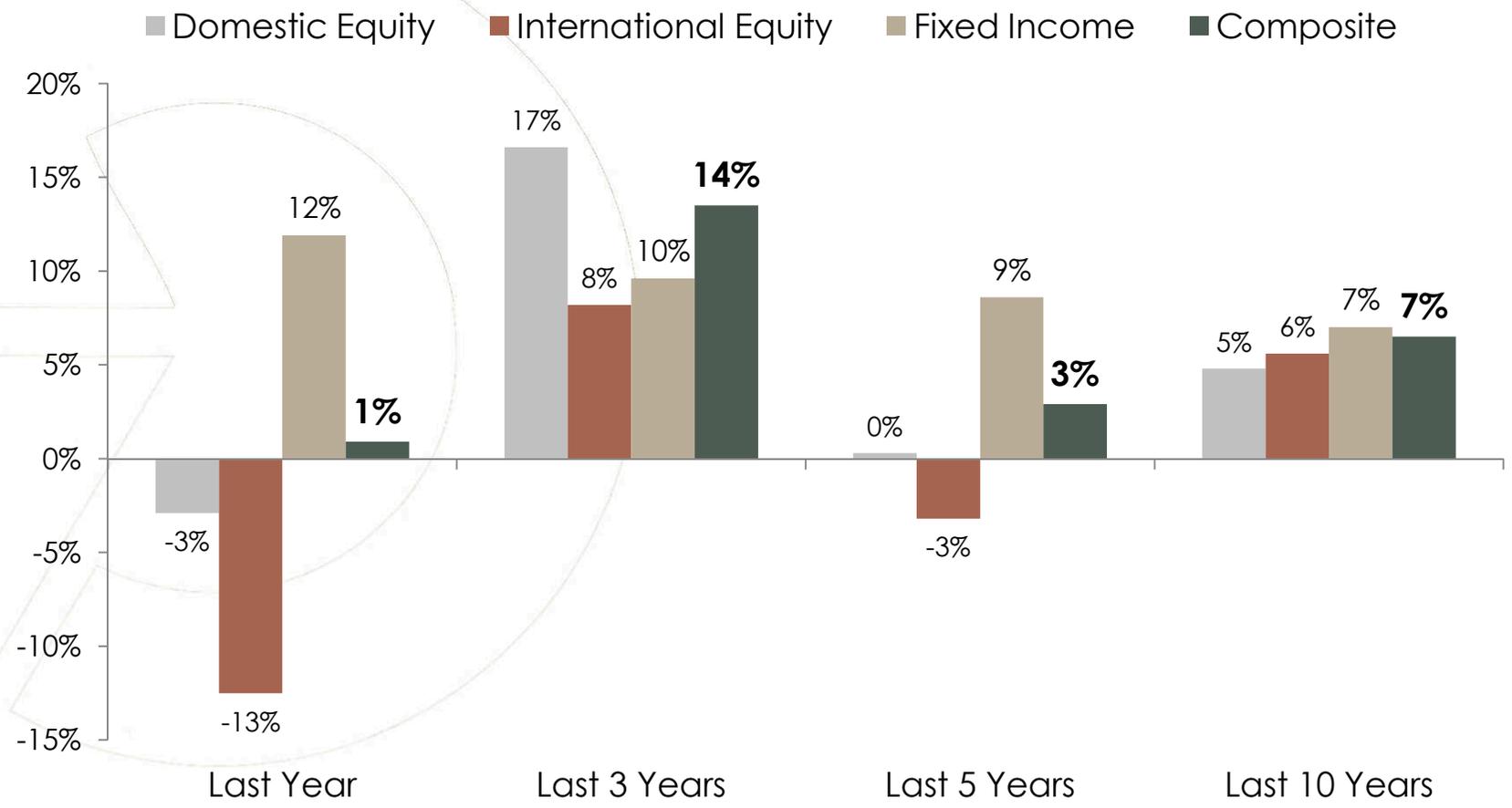
# Total Fund Allocation vs. Median Public Fund



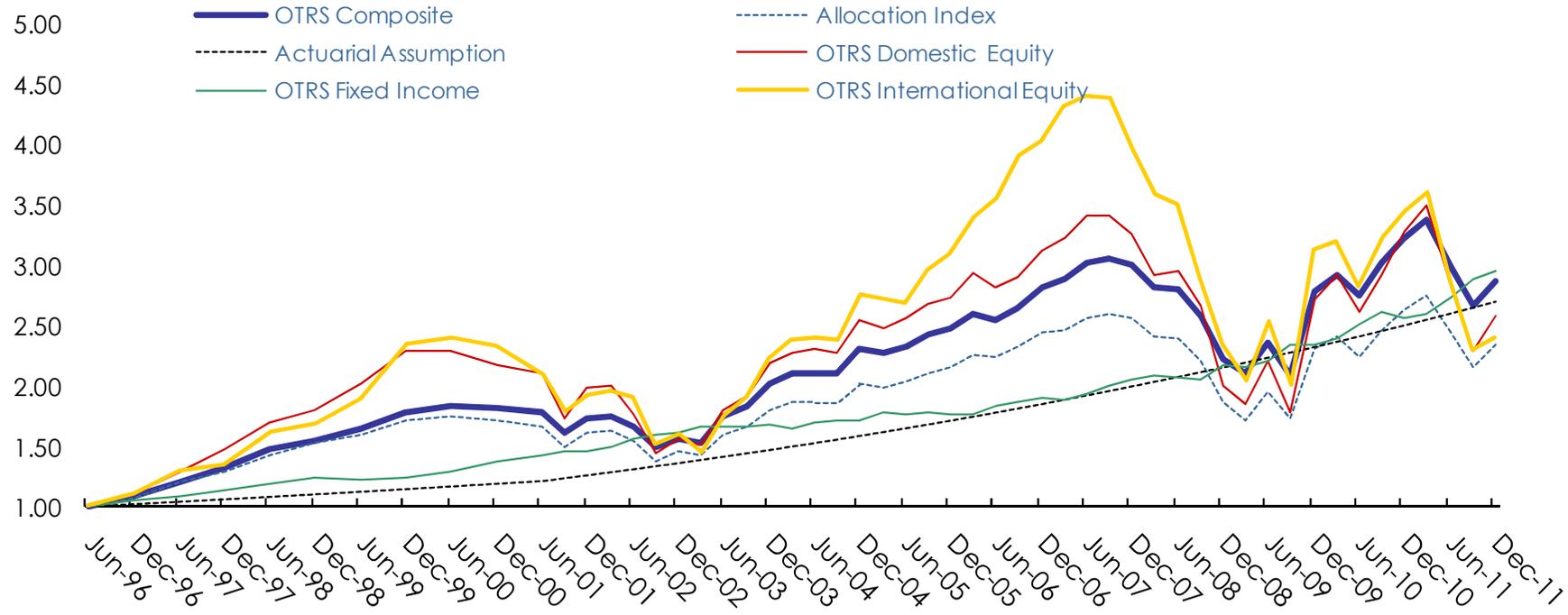
# Composite Performance Summary as of December 31, 2011



# Composite Performance Summary as of December 31, 2011



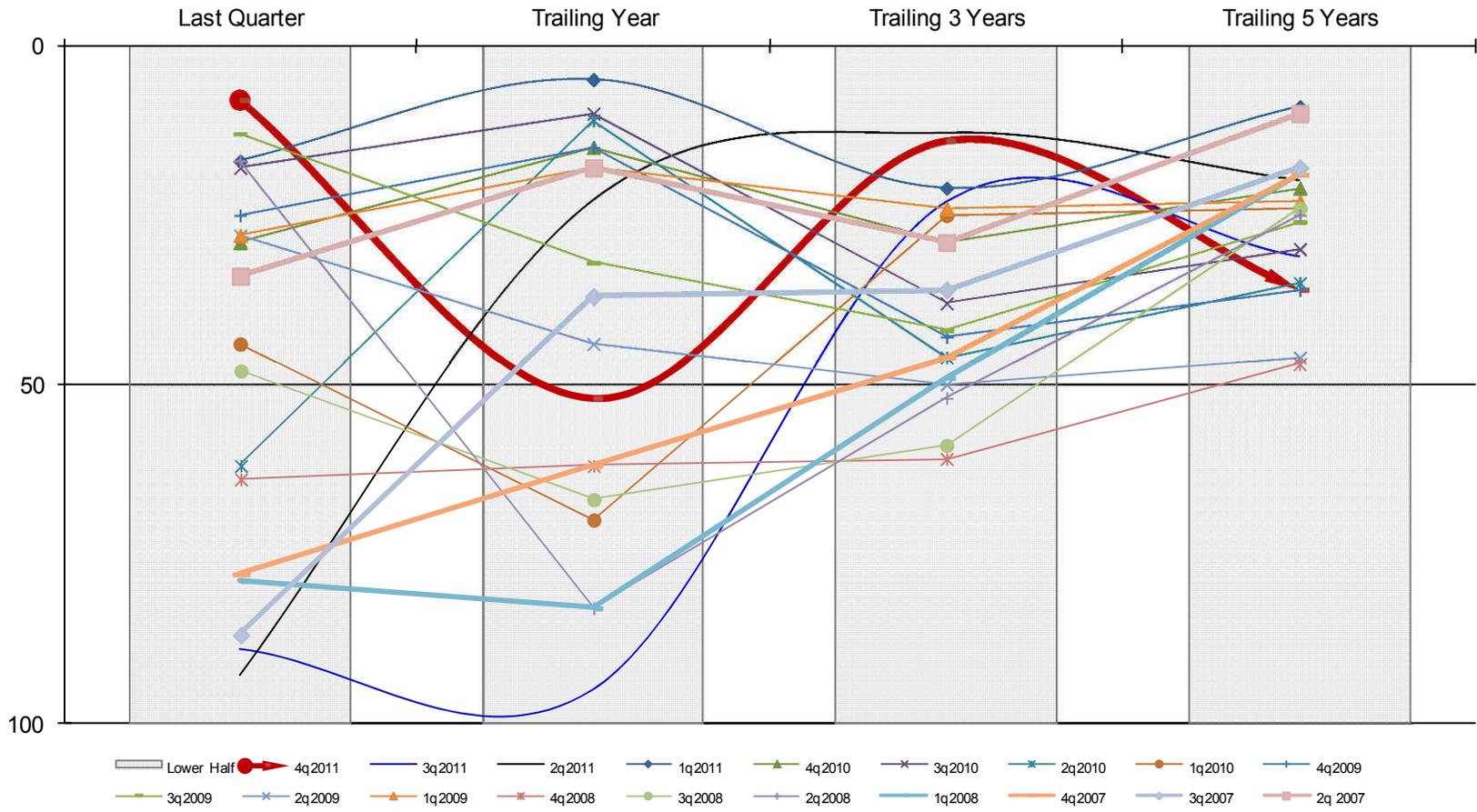
# Growth of a Dollar Over Time Period Ended December 31, 2011



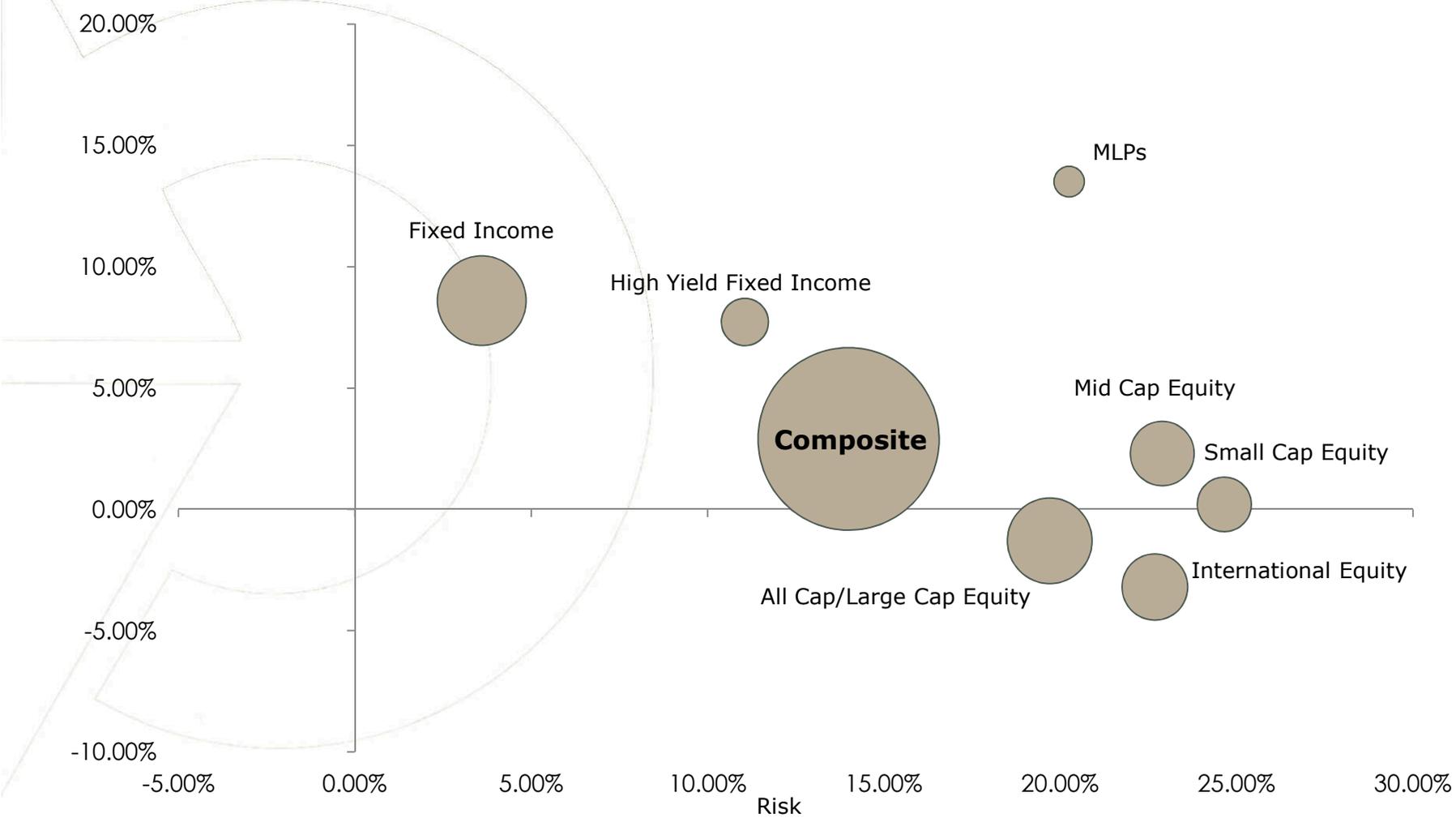
## Performance – Total Fund

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank	Last 10 Years	% Rank
<b>Total Fund</b>	<b>7.7</b>	<b>8<sup>th</sup></b>	<b>0.9</b>	<b>52<sup>nd</sup></b>	<b>13.5</b>	<b>14<sup>th</sup></b>	<b>2.9</b>	<b>36<sup>th</sup></b>	<b>6.5</b>	<b>4<sup>th</sup></b>
Allocation Index	8.0		1.8		12.9		2.1		5.7	
Actuarial Assumption	1.9		8.0		8.0		8.0		8.0	
<b>Total Domestic Equity</b>	<b>12.2</b>	<b>48<sup>th</sup></b>	<b>-2.9</b>	<b>65<sup>th</sup></b>	<b>16.6</b>	<b>43<sup>rd</sup></b>	<b>0.3</b>	<b>62<sup>nd</sup></b>	<b>4.8</b>	<b>48<sup>th</sup></b>
S&P 500	11.8		2.1		14.1		-0.3		2.9	
<b>Total International Equity</b>	<b>4.5</b>	<b>38<sup>th</sup></b>	<b>-12.5</b>	<b>46<sup>th</sup></b>	<b>8.2</b>	<b>73<sup>rd</sup></b>	<b>-3.2</b>	<b>48<sup>th</sup></b>	<b>5.6</b>	<b>53<sup>rd</sup></b>
MSCI ACWI	3.4		-11.7		8.2		-4.3		5.1	
<b>Total Core Fixed Income</b>	<b>2.1</b>	<b>31<sup>st</sup></b>	<b>11.9</b>	<b>18<sup>th</sup></b>	<b>9.6</b>	<b>42<sup>nd</sup></b>	<b>8.6</b>	<b>14<sup>th</sup></b>	<b>7.0</b>	<b>24<sup>th</sup></b>
BC Aggregate	1.1		7.8		6.8		6.5		5.8	

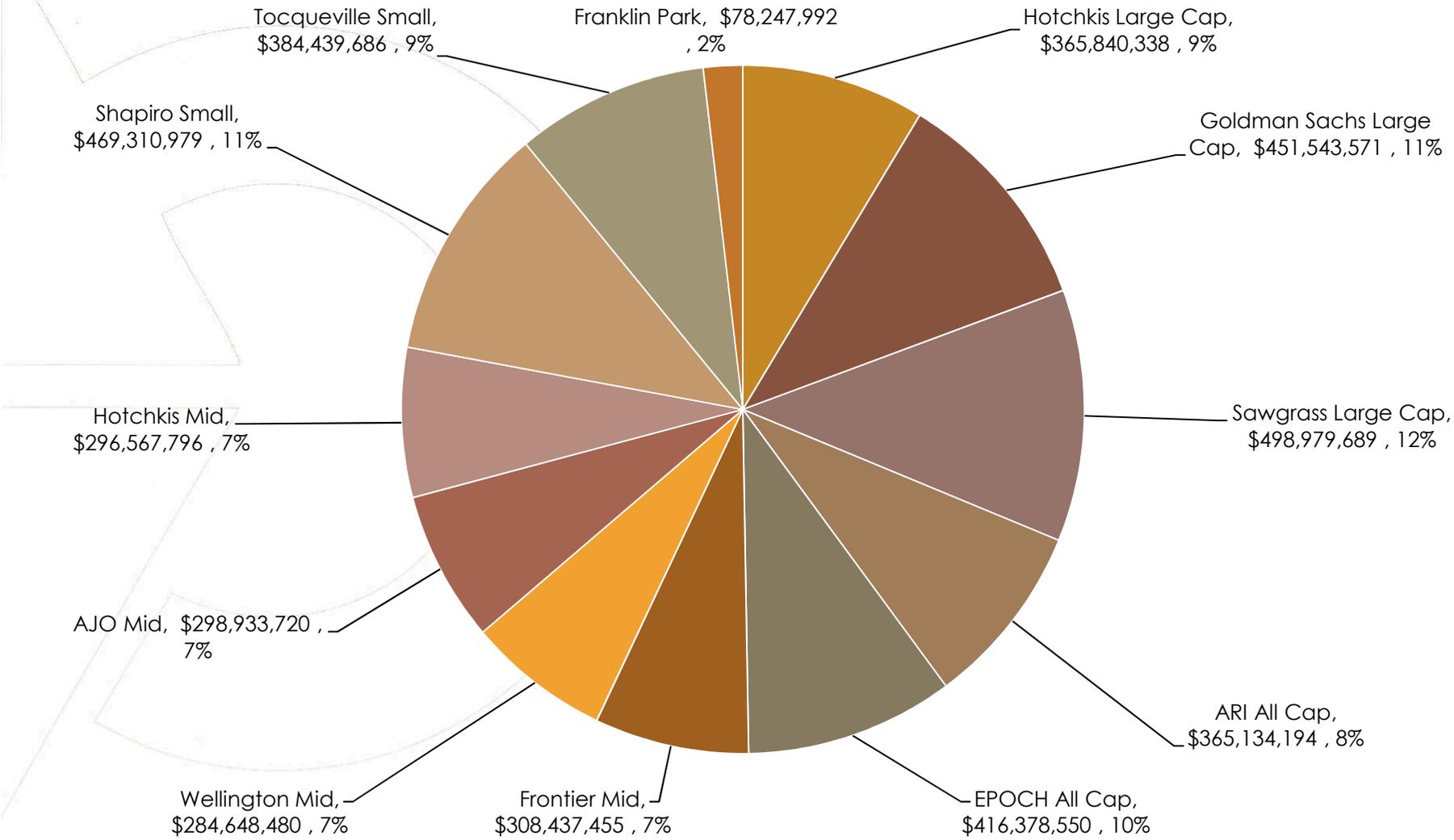
# Composite Peer Rank History Periods Ended December 31, 2011



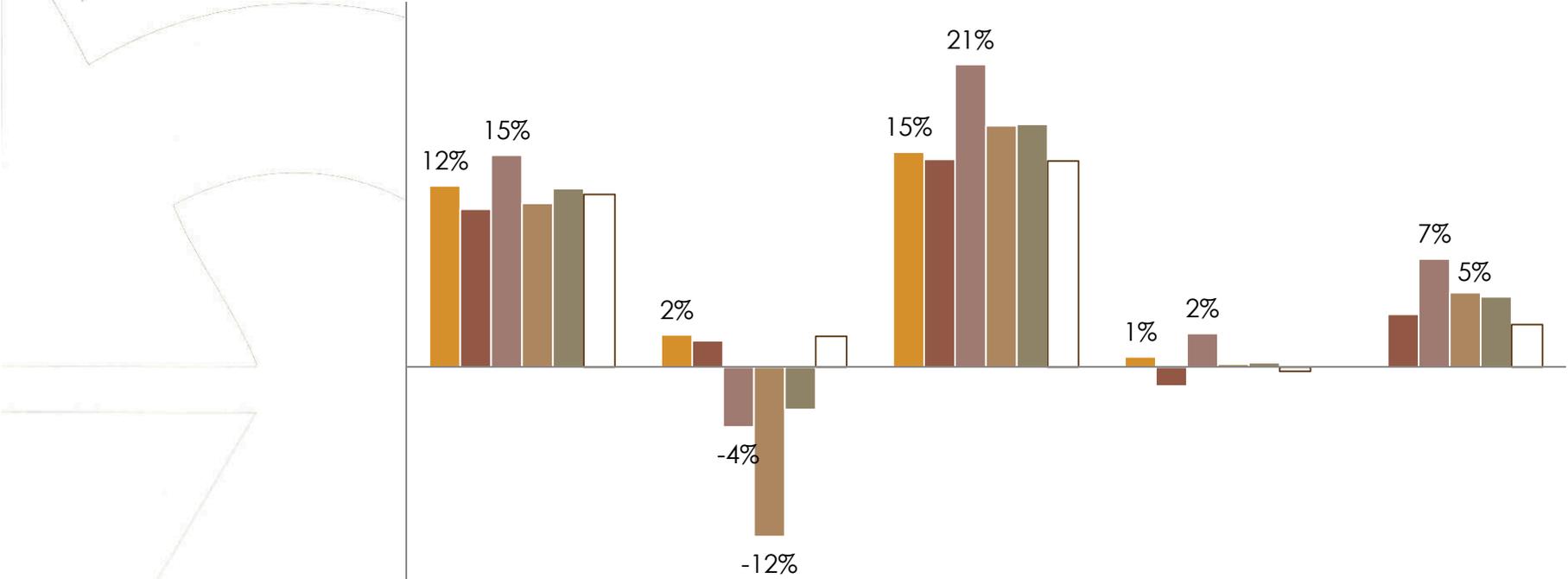
# Risk Return Comparison of Asset Class Composites Five Years Ended December 31, 2011



# Asset Allocation Summary – Domestic Equity Allocation



# Domestic Equity Performance: Capitalization Composites



	Last Quarter	Last Year	Last Three Years	Last 5 Years	Last 10 Years
All Cap	12%	2%	15%	1%	
Large Cap	11%	2%	14%	-1%	4%
Mid Cap	15%	-4%	21%	2%	7%
Small Cap	11%	-12%	17%	0%	5%
All Domestic Equity	12%	-3%	17%	0%	5%
S&P 500	12%	2%	14%	0%	3%

# Performance – All Cap and Large Cap Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
Advisory Research	10.8	68 <sup>th</sup>	2.9	21 <sup>st</sup>	13.5	75 <sup>th</sup>	-0.6	75 <sup>th</sup>
EPOCH	13.8	29 <sup>th</sup>	1.5	31 <sup>st</sup>	15.5	51 <sup>st</sup>	1.8	41 <sup>st</sup>
Russell 3000	12.1		1.0		14.9		0.0	
Russell 3000 Value	13.3		-0.1		11.6		-2.6	
Hotchkis LCV	12.4	59 <sup>th</sup>	-2.6	77 <sup>th</sup>	17.3	6 <sup>th</sup>	-4.5	94 <sup>th</sup>
Goldman Sachs	9.3	61 <sup>st</sup>	-1.9	68 <sup>th</sup>	16.5	43 <sup>rd</sup>	1.6	59 <sup>th</sup>
Sawgrass	10.9	31 <sup>st</sup>	9.2	3 <sup>rd</sup>	15.8	52 <sup>nd</sup>	2.0	49 <sup>th</sup>
S&P 500	11.8		2.1		14.1		-0.3	

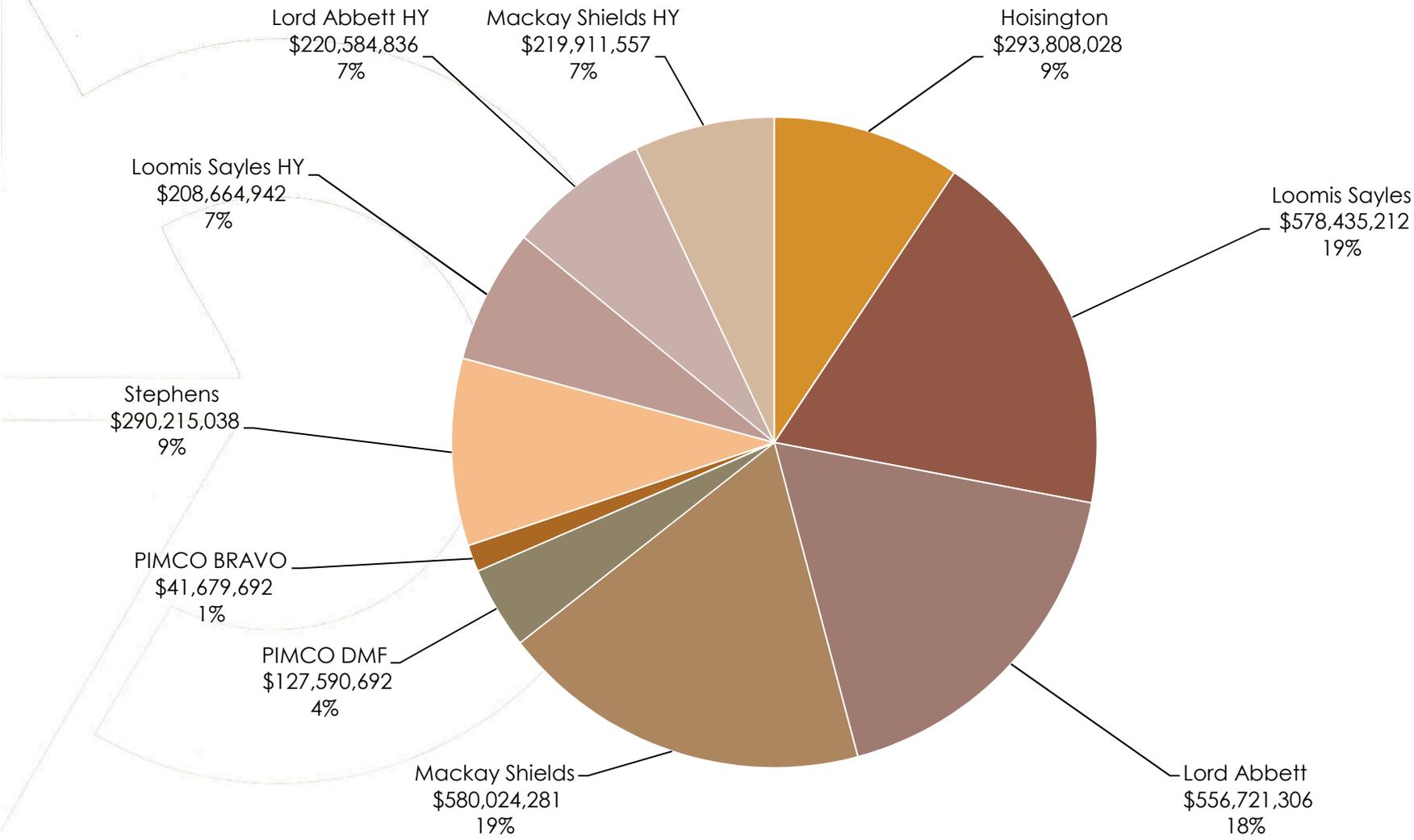
## Performance – Mid Cap and Small Cap Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
<b>AJO</b>	13.4	58 <sup>th</sup>	1.8	31 <sup>st</sup>	18.7	69 <sup>th</sup>	2.0	70 <sup>th</sup>
<b>Frontier</b>	8.8	76 <sup>th</sup>	-4.1	59 <sup>th</sup>	17.4	77 <sup>th</sup>	5.6	32 <sup>nd</sup>
<b>Hotchkis MCV</b>	20.2	2 <sup>nd</sup>	-7.6	82 <sup>nd</sup>	25.5	3 <sup>rd</sup>	-0.4	60 <sup>th</sup>
<b>Wellington</b>	16.6	3 <sup>rd</sup>	-6.3	69 <sup>th</sup>	23.1	20 <sup>th</sup>	1.8	75 <sup>th</sup>
<i>Russell MC</i>	12.3		-1.5		20.2		1.4	
<b>Shapiro</b>	12.0	96 <sup>th</sup>	-5.6	67 <sup>th</sup>	24.9	6 <sup>th</sup>	3.8	28 <sup>th</sup>
<b>Tocqueville</b>	10.2	98 <sup>th</sup>	-18.0	96 <sup>th</sup>	9.7	91 <sup>st</sup>	-2.5	95 <sup>th</sup>
<i>Russell 2000</i>		15.5		-4.2		15.6		0.1

## Composite Equity Portfolio Characteristics – Trailing Three Years

	Market Cap	Alpha	Tracking Error	R <sup>2</sup>	Information Ratio	Sharpe Ratio	Standard Deviation
All Cap/Large Cap Equity	\$86.2 Billion	1.65	4.70	0.96	-0.07	0.94	18.2%
Mid Cap Equity	\$6.7 Billion	-0.96	6.58	0.95	-0.14	0.87	24.1%
Small Cap Equity	\$7.1 Billion*	7.04	8.37	0.90	0.65	0.73	24.8%
International Equity	\$36.5 Billion	1.01	3.55	0.78	0.14	0.32	18.2%
<b>Total Equity</b>	<b>\$40.4 Billion</b>	<b>1.53</b>	<b>5.25</b>	<b>0.91</b>	<b>0.08</b>	<b>0.72</b>	<b>20.7%</b>

# Asset Allocation Summary – Fixed Income Allocation



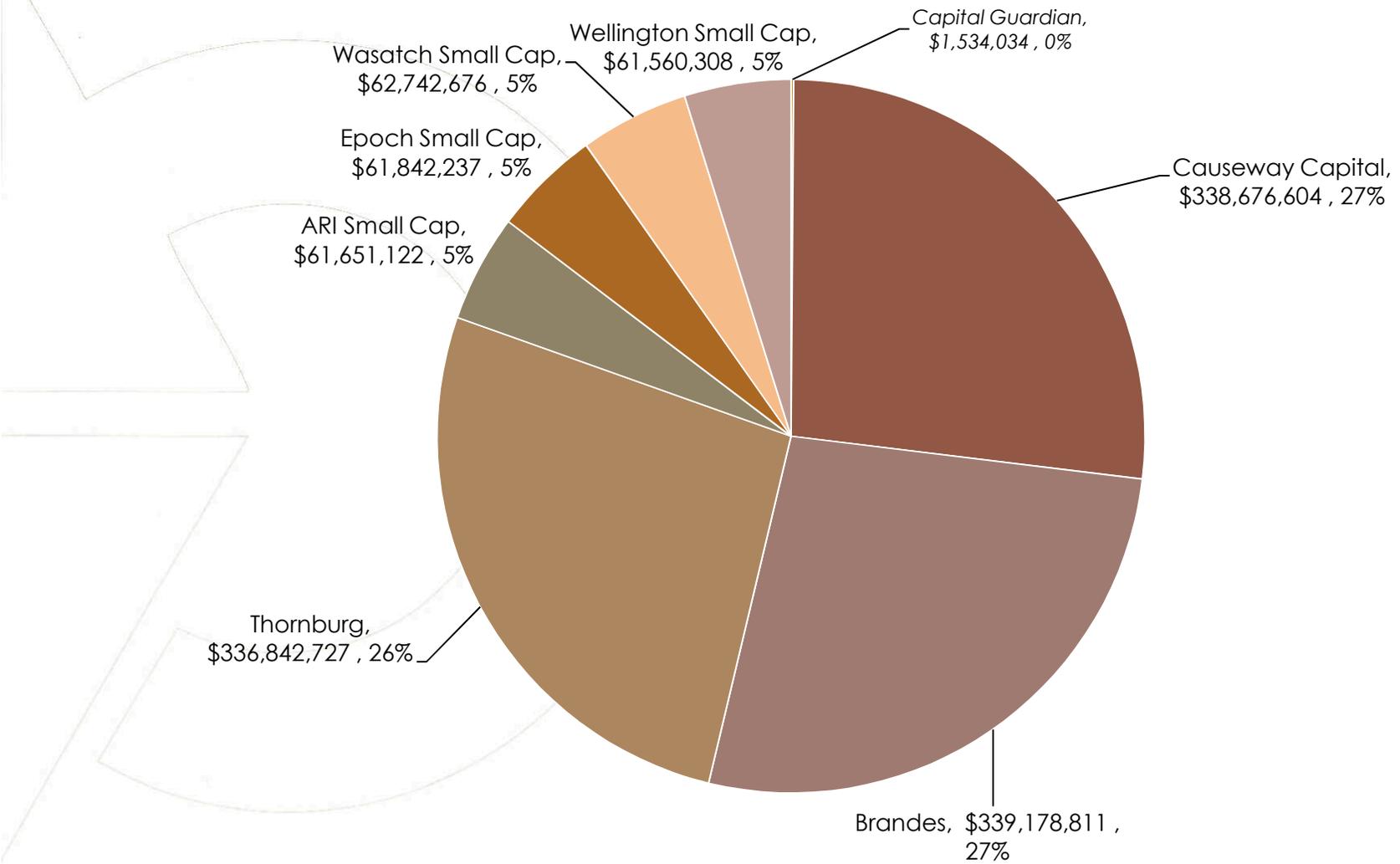
## Performance – Fixed Income Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
<b>Hoisington</b>	2.5	7 <sup>th</sup>	41.3	1 <sup>st</sup>	6.4	81 <sup>st</sup>	12.5	2 <sup>nd</sup>
<b>Loomis Sayles</b>	2.7	4 <sup>th</sup>	8.3	36 <sup>th</sup>	12.9	14 <sup>th</sup>	9.6	6 <sup>th</sup>
<b>Lord Abbett</b>	1.7	23 <sup>rd</sup>	8.1	40 <sup>th</sup>	11.1	22 <sup>nd</sup>	7.8	21 <sup>st</sup>
<b>Mackay Shields</b>	2.9	2 <sup>nd</sup>	8.4	34 <sup>th</sup>	9.9	29 <sup>th</sup>	8.0	19 <sup>th</sup>
<b>Stephens</b>	0.6	85 <sup>th</sup>	4.2	89 <sup>th</sup>	4.2	92 <sup>nd</sup>	6.5	61 <sup>st</sup>
<i>BC Aggregate</i>	1.1		7.8		6.8		6.5	
<b>Loomis HY</b>	3.1	88 <sup>th</sup>	-3.3	96 <sup>th</sup>	-	-	-	-
<b>Lord Abbett HY</b>	6.3	23 <sup>rd</sup>	5.3	63 <sup>rd</sup>	-	-	-	-
<b>Mackay HY</b>	5.1	55 <sup>th</sup>	7.0	32 <sup>nd</sup>	-	-	-	-
<i>ML High Yield II</i>	6.2		4.4		23.7		7.3	

## Fixed Income Portfolio Characteristics – Trailing Five Years

	<b>Asset Class</b>	<b>Credit Quality</b>	<b>Modified Duration</b>	<b>Yield to Maturity</b>	<b>Alpha</b>	<b>R<sup>2</sup></b>
Hoisington	Interest Rate Sensitive	AAA	19.6	2.8%	2.3	0.97
Loomis Sayles	Core Plus	A	5.9	4.2%	2.7	0.85
Lord Abbett	Core Plus	A	4.8	4.2%	1.2	0.82
Mackay Shields	Core Plus	BBB	4.7	4.4%	1.9	0.73
Stephens	Interest Rate Sensitive	AA	3.3	1.0%	-0.7	0.82
<b>Core Fixed Income Composite</b>	<b>Core Plus</b>	<b>A</b>	<b>5.9</b>	<b>3.9%</b>	<b>1.0</b>	<b>0.96</b>
Loomis Sayles	High Yield	BB	5.5	9.6%	-2.1	0.96
Lord Abbett	High Yield	BB	5.1	8.4%	1.4	0.97
Mackay Shields	High Yield	BB	3.5	7.2%	0.9	0.98
<b>High Yield Composite</b>	<b>High Yield</b>	<b>BB</b>	<b>4.7</b>	<b>8.4%</b>	<b>0.7</b>	<b>0.97</b>

# Asset Allocation Summary – International Equity Allocation



## Performance – International Equity Managers

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
<b>Brandes</b>	3.5	74 <sup>th</sup>	-10.2	25 <sup>th</sup>	5.4	88 <sup>th</sup>	-4.5	70 <sup>th</sup>
<i>Capital Guardian</i>	-0.5	98 <sup>th</sup>	-19.5	97 <sup>th</sup>	5.8	86 <sup>th</sup>	-4.9	76 <sup>th</sup>
<b>Causeway</b>	5.5	25 <sup>th</sup>	-12.1	42 <sup>nd</sup>	11.1	38 <sup>th</sup>	-3.1	46 <sup>th</sup>
<b>Thornburg</b>	4.6	42 <sup>nd</sup>	-12.7	48 <sup>th</sup>	11.2	36 <sup>th</sup>	0.8	13 <sup>th</sup>
<i>MSCI ACWI Ex US</i>	3.5		-12.2		8.5		-4.1	
<b>ARI</b>								
<b>EPOCH</b>								
<b>Wasatch</b>								
<b>Wellington</b>								
<i>MSCI EAFE Small Cap</i>	10.1		10.6		20.8		-5.2	

The four international small cap equity funds were funded during December of 2011.

## Performance – MLP, Real Estate and Opportunistic Assets

	Last Quarter	% Rank	Last Year	% Rank	Last 3 Years	% Rank	Last 5 Years	% Rank
<b>Chickasaw</b>	17.0	-	-	-	-	-	-	-
<b>FAMCO</b>	16.2	-	-	-	-	-	-	-
<b>Swank</b>	18.0	-	-	-	-	-	-	-
<i>Alerian MLP</i>	16.3		13.9		39.8		14.2	
<b>AEW</b>	3.5	32 <sup>nd</sup>	-	-	-	-	-	-
<b>Heitman</b>	3.3	35 <sup>th</sup>	-	-	-	-	-	-
<b>L&amp;B</b>	0.2	81 <sup>st</sup>	-	-	-	-	-	-
<i>NCREIF - OEDCE</i>	3.0		16.0		-1.8		-0.2	
<b>PIMCO DMF</b>	-2.6	-	3.0	-	26.3	-	-	-
<b>PIMCO DMF II</b>	-7.6	-	1.7	-	33.9	-	-	-
<b>PIMCO BRAVO</b>	1.4	-	-	-	-	-	-	-
<i>BC Aggregate</i>	1.1		7.8		6.8		6.5	



# OKLAHOMA TEACHERS RETIREMENT SYSTEM

Investment Managers that responded to the Passive Equity RFP by the published deadline:

Alliance Bernstein  
Golden Capital Management  
InTech  
Madison Square  
Northern Trust  
Pine Bridge Investments  
Rhumblin  
Russell Investments  
State Street Global Advisors  
Victory

**Promulgation of Permanent Rules  
Report to Board of Trustees  
Teachers' Retirement System of Oklahoma  
February 22, 2012**

The Oklahoma Secretary of State's Office of Administrative Rules published the Notice of Proposed Permanent Rulemaking in the *Oklahoma Register* on January 17, 2012, (Volume 29, Number 9, pages 248-250, Docket Numbers #11-1200 and #11-1201).

The notice was mailed to all Teachers' Retirement System reporting entities and published on the TRS website ([www.ok.gov/TRS/](http://www.ok.gov/TRS/)). The Notice of Rulemaking Intent, the Rule Impact Statement and the full text of the proposed permanent rules were published on the TRS website. The agency received no requests for copies of the Rule Impact Statement or the proposed rules.

The Teachers' Retirement System of Oklahoma held a public hearing on February 16, 2012, to receive comments regarding the proposed permanent rules. There were 3 people who made oral comments and TRS received 6 written comments about the proposed permanent rules, all of which are attached to this document. An additional comment (UCO) was received after the deadline, but is also attached for your convenience.

The following is a summary of the provisions of each proposed rule:

**TITLE 715. TEACHERS' RETIREMENT SYSTEM  
CHAPTER 1. ADMINISTRATIVE OPERATIONS**

- **715:1-1-2** and **715:1-1-3** are being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-106.
- **715:1-1-4** is being amended to remove obsolete information.
- **715:1-1-6** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-111.
- **715:1-1-9** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-106.1.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM  
CHAPTER 10. GENERAL OPERATIONS**

**SUBCHAPTER 1. MEMBERSHIP PROVISIONS**

- **715:10-1-2** and **715:10-1-3** are being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Section 17-103 and to clarify membership provisions.
- **715:10-1-4**, **715:10-1-5**, **715:10-1-6** and **715:10-1-7** are being amended to clarify membership provisions. Additionally, Teachers Retirement no longer requires Form 1-A for membership.

**SUBCHAPTER 3. SERVICE ELIGIBILITY**

- **715:10-3-1**, **715:10-3-2**, **715:10-3-3**, **715:10-3-4** and **715:10-3-5** are being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7. Specifically, with the requirement that Classified personnel must be

members of the System regardless of the number of hours worked, this change will allow all such members to receive retirement service credit in line with the fraction of full time service that is worked. This will also treat all members of the System consistently in that service credit will be based on the fraction of full time service for similar positions. The current rule grants a year of retirement service credit for those working as little as 30 hours a week. Similarly, members who work for 120 days currently receive a year of service credit. With this change, a member who works 120 days, when a full time employee in a similar position would work 180 days, would receive 0.67 years of retirement service credit. Also, a member who works 30 hours per week, when a full time employee in a similar position would work 40 hours per week, would receive 0.75 years of retirement service credit. This change in service credit calculation and accrual will apply to all service earned after July 1, 2013.

#### **SUBCHAPTER 5. ESTABLISHING OTHER SERVICE CREDITS**

- **715:10-5-4** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.8.
- **715:10-5-7.3** is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 47, Sec. 2-314.
- **715:10-5-9** is being amended to remove inconsistencies in the rule.
- **715:10-5-11** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-113.
- **715:10-5-28** is being amended to provide clarification and consistency after the implementation of changes in 715:10-3-1 through 715:10-3-5.
- **715:10-5-33** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 6-104.1.

#### **SUBCHAPTER 7. MEMBERSHIP VESTING AND TERMINATION**

- **715:10-7-6** is being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7.

#### **SUBCHAPTER 9. SURVIVOR BENEFITS**

- **715:10-9-2** is being revoked to remove language that is duplicative in Oklahoma State Statute O.S. 70, Sec. 17-105(11).
- **715:10-9-3** is being amended to clarify the requirements of the rule.
- **715:10-9-4** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105(12).
- **715:10-9-5** is being amended to incorporate statutory changes under House Bill 2004, enacted in the 2011 Legislative Session.
- **715:10-9-6** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105(13).

#### **SUBCHAPTER 11. WITHDRAWAL FROM MEMBERSHIP AND REFUND OF DEPOSITS**

- **715:10-11-1** and **715:10-11-2** are being amended to remove inconsistencies in the rules.

### **SUBCHAPTER 13. CONTRIBUTIONS FOR MEMBERSHIP SERVICE**

- **715:10-13-1** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2.
- **715:10-13-4.1** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2A.
- **715:10-13-9** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-120.
- **715:10-13-13** is being amended to clarify the requirement of the rule.

### **SUBCHAPTER 15. SERVICE RETIREMENT**

- **715:10-15-1** and **715:10-15-2** are being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105.
- **715:10-15-7** is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2.
- **715:10-15-7.1** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2.
- **715:10-15-10.2** is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105.2.
- **715:10-15-10.3** is being amended to remove inconsistencies in the rule.
- **715:10-15-13** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105(12).

### **SUBCHAPTER 17. POST-RETIREMENT EMPLOYMENT**

- **715:10-17-2** and **715:10-17-6** are being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.10.

### **SUBCHAPTER 25. QUALIFIED DOMESTIC ORDER**

- **Subchapter 25 (715:10-25-1, 715:10-25-2, 715:10-25-3, 715:10-25-4, 715:10-25-5, 715:10-25-6)** is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-109.

The Board of Trustees is asked to adopt these rules, the full text of which follows.

Respectfully,

Becky Wilson  
Rules Liaison

**Administrative Rules Hearing  
Thursday, February 16, 2012  
Transcript of Public Comments**

**David Fraser, Chief Financial Officer/Business Manager with Edmond Public Schools**

I submitted my comments in writing but I'm hoping today to expand on my comments and hoping on feedback, but maybe down the road there will be some open discussion between school administrators and TRS, as well as with the TRS Board of Trustees, to clarify some of the rules.

The primary concern is the process and changes of rules to allow or identify creditable service for employees. Rule changes, primarily 715:10-3-1, TRS is changing the rules regarding the days an employee needs to work to receive a full year of service and also there is another factor which would be the hours that an employee would work.

I would like to take a minute to address the days first. I think if I understand it, the current process is if an employee works 120 days is credited with 1 year of service and that would be eliminated and employees would now be based on how many days of service worked within their contract. I do agree with the rule change and I do think the 120 days does create some problems within the school district because employees retire at mid-term or sometime in the school year. A concern I have is if we run into any consequences for support employees or non-classified as well as Administrators, this rule change has minimal impact because in their contract, they have the freedom to come and go within the school year. It does have an impact on Teachers. I think anyone directly associated with the classroom, I would like some consideration to look at this rule. When you talk about a fractional year or a person who starts a contract 1 day late, 2 days late, are we going to get the fractional year as much as .98 or .99. I think the issue with teachers is if you begin a teacher with their contract after the school year starts. This is due to growth; we always don't know how where kids will be, so we have the contingency to hire 10 to 15 teachers. These teachers are basically going to receive a fractional year of experience. They are happy to get a job and obviously the first year they are not going to have a lot of concern about a fractional year. But 30 years down the road when that employee is ready to retire and they come to TRS, they are going to find out they worked 160 out of 180 day contract. They are going to have a fractional year of .89. Then they will come back to the school district and say "I need to work 20 days; I need to come back and work next year for 20 days so that I can have a complete year. I need that .11 fraction to do that". School districts are going to allow this. We are not going to be able to put them back in the classroom because you do not want to change a teacher after 20 days. So the school district is going to accommodate that request. Even though it's a minimal amount of money (a teacher retiring after 40 years with a \$50,000 salary, you're talking less than \$110 per year, but to that employee that's retiring, that's important money).

We would like to see a couple of options. 1) Increase the number of days. If we need to go from 120 to 150, or something of that nature, we can easily do that from our side. 2) Establish a firm date of October 1 and I've discussed this with OEA because it coincides with other deadlines the districts have to comply with. For example, our flexible benefits audit and the State's

accreditation and student count. If you can provide some flexibility or a grace period during that first contract year for employees is necessary so we can avoid an issue down the road where that employee is going to have to complete that fractional year.

Secondly is the days. I think the days are a bigger issue because it directly impacts support personnel. If you understand our situation, all of us have a negotiated agreement or some type of agreement with our employees. In our agreement, it already states that full time employees shall be any employee working 6 hours or more. We would like to see it remained that way because it provides some flexibility in dealing with the employees. I know the rule says it would be based on information provided by the employer, certifying full time equivalent for each position subject to approval by TRS. Well, I think we already have a disagreement on how we are going to resolve this. We would like to see this remain at 6 hours or more. It provides us flexibility. For instance, let's look at a bus driver, on a special ed bus with a driver and a monitor. We hire all of our bus drivers on 6 hours. That is regular employment. They get pay, teachers retirement, life insurance and disability insurance based on that. We already have this engrained into our negotiated agreement because that has been the rule for TRS and we have adhered to that. If a special needs student comes in, there is probably going to be the need to increase that route for that bus driver from 6 to 6 ½ and we need to know that all of our employees, whether they work 6 to 8 hours in any certain job classification (drivers, monitors, clerical) that they will qualify for years worth of experience. We understand that it will be adjusted based on contract days work, but if they work for a full year, we certainly request that TRS and the Board of Trustees keep that rule in place where the 30 hours is the threshold for an employee to continue to receive a year of credit.

The other item I mentioned just in passing is 715:10-13-13 which addresses Workers Compensation. The language in it prohibits the school districts and employee from making TRS contributions until they return to his or her duty. We have several a year that never return. These people are not allowed to catch up or be credited for a year of service. Often times, they exhaust their paid leave benefits and I would like some clarification on that and understand how we deal with Workers Comp. We should be required to keep them and treat them as an active employee and I think the language within 715:10-13-13 does not allow school districts, nor the employee, to continue their rights within TRS. I would simply ask that you consider that in a legal stance.

I mentioned a negotiated agreement. As a school district, when we negotiate with employees, we negotiate wages, benefits, working conditions, length, and teachers retirement. We need to be able to communicate with our employees the understanding of teachers retirement creditable service. Most of the ones I work with do not speak with TRS for 30 years later, so we need very clean and direct language and any questions on how this will impact a person's retirement. Through the negotiation process, we use something called "win-win" and we'll answer all questions before we make a change in the negotiated agreement or any change is made at the district level and I think the 120 day situation is workable and certainly we'd like to see a change in the grace period for teachers but on the other side, allowing a fractional year based on their contract is workable with the school district. Is it affordable? Obviously it is affordable to TRS because we understand the actuarial situation and the funding situation and trying to be a sound financial retirement system. I don't think it's workable for the employees or school districts

when you change out days that are calculated in the years of service. Again, 6 hours or more will solve that problem. Is it legal? Obviously TRS has received advice that it is legal and I question whether or not we are discriminating against a certain class of employee and that being the support employee. They are already the lowest paid employee in the school district. Their retirement benefits are going to be based on wages and contributions made on their behalf and I think we have inadvertently by implementing the hours into the formula are a class of employees that are obviously the largest ones impacted by this rule change. The other question is it ratifiable [sic]? By that we mean can these groups live by these rule changes? If you put the rule changes out to a vote to the TRS membership (40,000 to 50,000) would they vote for them? Would they be able to pass that scrutiny at your Board level, Administration and members itself? I don't think the change in the hours can address that in a positive manner. My focus continues to be changing the hours and letting that be part of the creditable service. I think with the change of the Rule of 90 in 1993 and then you implement the change of creditable service for these people, we will have employees that never retire. If they're working fractional years of .8 and getting a full year of credit, then after 30 years of service is only going to have 24 years of service to TRS. We are going to be forced as a school district to extend their employment with the school district when 1) they may not be physically able to do that and 2) other factors in their personal life.

I would appeal to this Board and the TRS Board of Trustees and Administration to give consideration to leaving the hours worked at 6 hours or more. Thank you.

**Kevin Barry, Director of Finance with Choctaw/Nicoma Park Public Schools**

I would like to reiterate with what Mr. Fraser said. He said it more eloquently than I would have said it. I express my concerns along with the issue grandfathering in our existing employees. I understand that this rule will apply to all current employees whether they are employed now or later. In the past, TRS has made changes where they grandfathered in existing employees. By not grandfathering in existing employees, it creates another heartache for school districts. The bus driver that has worked 25 years will be prorated and will have to work 5 or more years when they could have retired at 3 years. In my opinion is not fair to those because other people have retired. I would encourage the Board to look into grandfathering existing employees and begin with new hires starting a new process. Other than that, I reiterate what Mr. Fraser said.

**Gary Watts, Chief Financial Officer and General Counsel with Sand Springs Public Schools**

We do not have a bargaining agreement. We are a meet and confer district. So we may be a little bit different than the circumstances Mr. Fraser described in Edmond. Specifically, we have a great variety of contracts among classes of employees who I would consider full time who are in fact full time. Under Oklahoma law, the school year under a standard calendar for students can be as little as 172 days. We have 6 hour, 5 hour and 4 hour cafeteria workers for each group are eligible to join TRS and most of them are on 173 day contracts. Our bus drivers, because we require extra training, we have 6 hour drivers on contract, we have 1 eight hour driver on contract and 2 or 3 other employees who may also be on 8 hour contracts who do work other than being a driver and these contracts are typically for 175 days a year. Our instructional based

employees (teachers assistants as well as teachers) are most on 180 day contracts. We have contracted positions that I didn't investigate, but we have most of our certified administrators are 240 day; most of our 12 month support employees (custodians are year round) which are 260 day contracts. Both groups work the same number of days but there is a difference on how we treat holidays. But then we have 10 and 11 month contracts that can be 190 to 100. Our elementary school principals are on 200 day contracts. We have secondary administrators that are on 220 day contracts.

During any given year, a district of our size is going to have employees moving from one position to another. My concern on hours, like Edmond (although we don't have negotiated contracts driven by the flexible benefits allowance law) we look at 6 hours being full time but we also have employees 7 ½ hour contracts and 8 hour days – a variety that constitutes the length of a work day. We have work weeks that are full time (30-40). I see in the explanation that someone in a position that is considered 40 hours a week; 30 hours is .75. If someone is in a position that works full time 30 hours a week, it equals 1. I'm pretty good at math, but I foresee some significant challenges in reporting to you all inconsistencies and I think probably a view that will come back to us is that we need to clean up our act. But if that's what we're asked to do because of TRS that we need to have fewer variations among our contracts to simplify the reporting, then what you're doing is taking away our flexibility to manage the finances of our district. As we go in more and more years with no increases in funding, we need to be able to tailor the amount of work we're contracting to do for a particular position.

So I guess my concern becomes one of how are we going to manage this reporting in a fair and consistent way and I have thought about this a lot for TRS to consider Mr. Fraser's suggestion that we have a threshold of 30 hours a week is a good minimum for full time in the school world and I also think 180 days is a good (well it would be 172 in our case), maybe allow variations below 180 but let 180 be a maximum. I'm thinking with the difficulty of keeping track from someone that has moved from 180 day contract to 220 in a particular year. We had that happen last year in our Middle School – a teacher went to being in an administrative position. How do we calculate that and report that if that person might have left earlier in the year? I'm asking you to rethink and come back with a more simplified approach. I understand the need to probably require more work and more hours to count as a year. I'm not sure what the problem has been that has brought us to this point but I suspect there has been situations where people have been able to get a full year by having 120 days year after year. I think there is a way to have cleaner thresholds, or minimums, on both the number of days and number of hours that might make our reporting challenges to you a lot simpler.

## Becky Wilson

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**From:** Onan, Abbey (HSC) [REDACTED]  
**Sent:** Friday, February 10, 2012 11:47 AM  
**To:** Rules  
**Subject:** Proposed Rule Changes to OTRS

I am against the proposed rule changes to OTRS. I still believe if someone is .75 FTE equivalent they should still get a year's credit. Thank you,

Dr. Abbey Onan  
OU Health Sciences Center

## Becky Wilson

---

**From:** Ryan Owens [REDACTED]  
**Sent:** Friday, February 10, 2012 2:13 PM  
**To:** James Wilbanks; Rules  
**Cc:** Steven Crawford  
**Subject:** CCOSA Comment Regarding OTRS Proposed Rules Change

**Importance:** High

Dr. Wilbanks:

On behalf of over 2,500 active school administrators in Oklahoma, CCOSA respectfully submits the following comment to the Oklahoma Teachers Retirement System regarding proposed permanent rules.

### 715:10-3-1. Requirements for creditable service

"For purposes of defining a member's final contribution year, a full-time employee shall receive one (1) year of creditable service upon completing the term of service required of certified teachers as defined by the employing district." - This sentence would be the FINAL sentence of the paragraph.

Respectfully Submitted:

Steven Crawford  
CCOSA Executive Director

## Becky Wilson

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**From:** Miller, Sue-Anna P. [REDACTED]  
**Sent:** Monday, February 13, 2012 8:20 AM  
**To:** Rules  
**Subject:** Proposed changes

I have read that there is a proposal for OTRS members who work 30 to 39 hours a week to receive fractional service credit. While this does not directly impact me, I'm not sure that I understand or agree with the proposal. A member who works less than full-time already receives a fractional percentage of pay in accordance with their reduced work effort. To give them only fractional service credit would be a double-penalty. In other words, since their pay is already lower than it would be if they were working full time, they will already have a lower benefit, and now it will take them longer to receive that benefit, too? Doesn't make sense to me.

Thank you!

*Sue-Anna P. Miller*

Assistant Director, Administration and Operations

The University of Oklahoma - Department of Facilities Management

[REDACTED]



CAMERON UNIVERSITY  
VICE PRESIDENT FOR BUSINESS AND FINANCE



February 14, 2012

Dr. James R. Wilbanks, Ph.D.  
Executive Director  
Teachers' Retirement System of Oklahoma  
Post Office Box 53524  
Oklahoma City, OK 73152

Dear Dr. Wilbanks:

In response to the proposed rule changes, Cameron University has the following comments:

1. Changes to 715:10-1-3 will require all "classified" employees to be members of the Teachers' Retirement System (TRS) as a condition of employment. The current rule states that "classified" employees working twenty (20) hours or more per week are required to be members of TRS. The change will require employees, part-time "classified" employees working less than 50%, and their employers to contribute to a retirement system in which it would take a minimum of ten (10) years for the employee to be vested. Has TRS considered the additional costs to be incurred by state supported educational institutions compared to the benefits these part-time employees are likely to receive?
2. Changes to 715:10-3-1 require that after July 1, 2013, "fractional service will be awarded for less than full-time employment performed during the contract year." The impact of this change on employees working part-time has the effect of a double proration of their part-time status. Part-time employees currently receive a reduced retirement benefit based on their reduced salaries. The following example illustrates how an employee working three-quarter time currently receives three-fourths of the retirement benefit of a comparable full-time employee. Under the new "fractional service" rule, the three-quarter time employee will receive 56% of the retirement benefit of a full time employee.

Example

Two employees (A and B), both participating in TRS, perform the same job for their university, at the same rate of pay, but because employee A works full-time, A's salary is \$40,000 a year, while B's salary is \$30,000 because B works three-quarter time.

Assume the following:

- started on the same day
- never received a raise
- retired on the same day, after 20 years

Retirement Currently:

A -  $\$40,000 \times 2\% \times 20$  years of service credit = \$16,000 per retirement

B -  $\$30,000 \times 2\% \times 20$  years of service credit = \$12,000 per retirement (this is 75% of employee A)

Fractional Service Credit Retirement. Same assumptions as above, except they start work July 1, 2013.

A -  $\$40,000 \times 2\% \times 20$  years of service credit = \$16,000 per retirement

B -  $\$30,000 \times 2\% \times (20 \text{ years of service credit} \times 75\%) = \$9,000$  per retirement

(This is 56.25% of employee A's retirement benefit, even though employee B worked 75% of the time of employee A). Employee B, under the new rules, gets fractional service credit because she or he works three-quarter time. This means that 20 years of working, results in 15 years of service for purposes of retirement.

3. While the new rules will result in a reduced benefit for part-time employees compared to full-time employees, no change is being proposed in the required contribution from the employee or the employer.
4. Portions of TRS' Administrative rules are being eliminated to "remove language that is duplicative to Oklahoma State Statute O.S. 70." For example, proposed changes to 715:1-1-2 would remove the specifics of how TRS' thirteen trustees are appointed. One of the functions accomplished by the Administrative Rules is providing a single source for those interested in obtaining a greater understanding of the TRS. How does TRS intend to communicate information being removed because it duplicates information in state statutes?
5. The Rule Impact Statement, Section D, requires a description of economic impact upon affected classes of persons or political subdivisions. The response notes the proposed rules will have a positive economic impact upon affected classes of persons. No mention is made of the impact "fractional" service credit will have on a part-time employee's retirement benefit. No mention is made of the impact on individuals or education institutions of increasing the number of "classified" employees being required to participate in TRS.

Dr. Wilbanks  
Page 3  
February 14, 2012

6. The Rule Impact Statement, Section E, requires information on the “cost to agency, effect on state, including a projected net loss or gain in such revenues.” The response is “none.” How can rule changes requiring “all classified” employees, not just those working 20 hours a week or more, as well as requiring the use of fractional service credits, not result in either a gain or loss to TRS, if not in actual revenues and expenses, then on an actuarial basis?

In light of the negative impact fractional service will have on employees and the potential for little or no retirement benefit being paid to part-time “classified” employees due to not vesting, I urge TRS’ trustees to reconsider the proposed rule changes.

Sincerely,

A handwritten signature in black ink, appearing to read "Glen P. Pinkston". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Glen P. Pinkston  
Vice President for Business and Finance

February 15, 2012

James R. Wilbanks, Ph.D.  
Executive Director  
Oklahoma Teachers Retirement System  
Oliver Hodge Building  
2500 N. Lincoln Boulevard, 5<sup>th</sup> Floor  
Oklahoma City, OK 73105

**Re: Comments to Proposed TRS Rule Change**

Dear Dr. Wilbanks:

Please accept these comments from the Edmond Public Schools (EPS) to the proposed rule changes set forth in the 2011-2012 Permanent Rules being considered by the Board of Trustees of the Oklahoma Teachers Retirement System (“TRS”).

In general, the EPS is supportive of the overall purpose of the proposed rule changes. However, there are three rule changes being proposed that need further clarification and definition before they are adopted. Two of the rule changes address the requirements for creditable service for both classified and non-classified members. The other rule change involves contributions and service credit while an employee/member is receiving total temporary disability payments as the result of a work related accident, illness, or injury.

**The proposed change in 715:10-3-1 provides that:**

**“For services performed after July 1, 2012, creditable service will be awarded based upon the information provided by each employer certifying full-time equivalent for each position, subject to approval by TRS. For service performed on or after July 1, 2013, fractional service will be awarded for less than fulltime employment performed during the contract year.”**

As I understand this rule change, a TRS member who works 120 days and is currently credited with one year of creditable service would be eliminated. I agree that the 120 rule needs to be adjusted but to go to fractional years may create some **unintended consequences**. Also, the two phrases underlined above could easily conflict with each other and as a result create confusion and inaccurate information provided to the employee. It seems that increasing the number of days to 150 for employees who work contracts of 200 days or less, and 180 days for employees who work contracts of 200 days or more would simplify this issue immensely. It will be very easy for school districts to provide this information to TRS on an annual basis.

My main concern is for teachers and other classified employees that are hired after the school year begins. With a growing student population of over 500 students per year and decreasing revenue sources, Edmond will employ 10-15 teachers after school begins and we are still hiring 2-3 weeks into the school year in order to compensate for student growth. As a result of this rule change, many teachers will begin his/her education career with a fractional year of service credit as a TRS member. The problem with this scenario is the teacher will not be concerned with the fractional year of service until he/she is considering retirement 30 plus years later. At this time, the employee will ask the school district to allow them to return to work the following school year in order to receive an additional fractional year of service that can be added to the other fractional year they previously earned.

Another viable solution and one that is supported by OEA, would be to establish a firm hire date such as October 1 of each year. **Any classified employee hired on or before October 1 of each year would be given one year of creditable service. TRS members hired after October 1 would receive a fractional year of service credit.**

**The proposed change in 715:10-3-2 dealing with the requirements for full-time service provides that:**

**“For service performed on or after July 1, 2012, creditable service credit will be awarded as outlined in 715:10-3-1.”**

The Edmond Public Schools negotiated agreement for support personnel clearly states that **“full-time employee shall mean any employee working six (6) hours or more a day”**. School districts need the flexibility to hire non-classified staff on a full time basis without any concerns that the employee will be adversely impacted by TRS rules or interpretation. Full time positions are defined as **6 hours and above**, which means the same position within a district can range in hours from 6-8 hours per day depending on the need of the school district. Many of the district's staffing formulas are based on student enrollment and other external factors that are not controlled by the district. Such areas of employment as bus drivers, bus monitors, custodial, child nutrition, and clerical positions often times start out as a 6 hour position and their contract hours are increased as the need arises. To remove this flexibility from school districts and not be able to advise an employee of his/her TRS standing for creditable service is a mistake.

It seems that the rule changes in 10-3-1 will help control the concerns TRS has for employees receiving a year of service, but to add another factor of hours worked per day into the formula will certainly impact non-classified employees to a greater extent than it will a classified employee. This group of employees is already the lowest paid group of employees in the district and to penalize them based on contract days worked and hours worked per day is unfair. School

districts already have a difficult time hiring and keeping qualified support employees and to reduce their TRS service benefits would be detrimental to school districts and support employees.

The rules and guidelines for creditable service based on hours worked per day need to be defined very clearly, without interpretation, so that our dedicated support employees are not adversely impacted and penalized by whatever action is taken by TRS.

***Rule 715:10-13-13 addresses Worker's Compensation.***

There are no major changes to this rule, but the existing language does not clearly address the issue of TRS members who are out on Worker's Compensation for an extended period of time.

The rule needs to be discussed and should address the issue of employees who are not able to work due to a work related accident or injury. Worker's Compensation claims frequently remain open for several years if the claim is litigated. The rule that prohibits the school district and employee from making TRS benefit contributions until the member returns to his/her job duties does not make legal sense. In fact, in some cases, the employee never returns to work because they can no longer perform the essential functions of the job. When an employee is out on WC benefits, the employer must continue to treat the injured employee as an active employee while on Temporary Total Disability or until the claim is settled even if the employee has exhausted all of their paid leave benefits. I would request that TRS get a legal opinion regarding this rule since the system is indirectly denying them their creditable service while on Worker's Compensation.

Should you have questions about the comments please do not hesitate to contact me at your convenience.

Sincerely,

David G. Fraser  
Chief Financial Officer

OKLAHOMA EDUCATION ASSOCIATION  
OFFICE OF THE GENERAL COUNSEL

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LINDA HAMPTON  
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ALICIA PRIEST  
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EXECUTIVE DIRECTOR

February 13, 2012

James R. Wilbanks, Ph.D.  
Executive Director  
Oklahoma Teachers Retirement System  
Oliver Hodge Building  
2500 N. Lincoln Boulevard, 5<sup>th</sup> Floor  
Oklahoma City, OK 73105

**Re: Comments to Proposed TRS Rule Change**

Dear Dr. Wilbanks:

Please accept these comments from the Oklahoma Education Association (“OEA”) to the proposed rule changes set forth in the 2011-2012 Permanent Rules for Promulgation currently being considered by the Board of Trustees of the Oklahoma Teachers Retirement System (“TRS”).

Initially, the OEA is supportive of the overall purpose of the proposed rule changes – to provide clarification and consistency with regard to membership eligibility in the TRS, provide a more efficient administration of the TRS, and to provide a positive impact upon affected classes of persons or political subdivisions that utilize the TRS.

There exist however two general areas of concern in the proposed rule changes that could result in adverse impact upon current and future members of the TRS. Both concerns deal with the proposed changes in the requirements for creditable service for both classified and non-classified members. The proposed changes are set forth in OAC 715:10-3-1 and OAC 715:10-3-2.

First, the proposed change in OAC 715:10-3-1 provides that:

“[F]or services performed after July 1, 2012, creditable service will be awarded based upon the information provided by each employer certifying full-time equivalent for each position. Fractional service will be awarded for less than full-time employment performed during the contract year.”

This proposed change also references a parenthetical indicating that the *Client Handbook* should be referenced for an explanation of creditable service qualifications. However, the *Client Handbook* has yet to be modified to include any explanation. As a result, there exists a concern that – without more clarification from the TRS, either in the *Client Handbook* or in proposed rules promulgated for adoption – there could exist a wide disparity in the manner that local school districts categorize and certify what constitutes a “full-time equivalent” for each position in the school district.

The concern with classified employees is that local school districts may categorize the same general positions differently, resulting in disparate treatment – for purposes of creditable service with the TRS – through no fault of the member. For example, many local collective bargaining agreements and local board policies define “school year” differently, with a variation of at least one hundred eighty (180) school days to as many as one hundred ninety (190) school days for individuals on a ten month contract, and without specific guidance from the TRS, some school districts could opt to “certify” to the TRS that a “full-time equivalent” position is the latter number of school days, rather than the actual number of school days required by an agreement or local policy. This could result in virtually all regular “ten month” classified employees receiving less than a full year of creditable service from the TRS, based solely on the certification of the local employer.

Additionally, the creditable service requirements do not account for the difficulties that many school district encounter when determining the level of staffing required for a particular school year. School districts often hire additional personal during the first or second week of a school year in order to accommodate increased enrollment and other classroom issues. If a teacher is hired a few days into a school year to accommodate increased enrollment, they would not qualify for a full year of creditable service under the proposed rule change and local districts will have to “certify” each of these individuals differently in their reporting to TRS, resulting in an adverse impact on local school districts and penalizing those affected classified members.

A suggested solution(s) to these concerns is to further clarify in the proposed rules what constitutes “full-time equivalent” for the majority of positions (i.e., ten, eleven, or twelve month contracts) that exist within local school districts in Oklahoma. Utilizing a “cut-off” date, such as the October 1 date utilized by the Oklahoma State Department of Education for purposes of allocating amounts payable for the Flexible Benefit Allowance, would allow school districts greater flexibility in making hiring decisions based on beginning of the year enrollment numbers and also allow for those affected classified personnel who are hired as a result to receive a full year of creditable service for TRS purposes. This change would not significantly impact the TRS system, particularly given how the current rules calculate a “full year” of creditable service, and would result in less administrative burden on the system and local school district, as well as fairness to affected classified members of the TRS.

Second, the proposed change in OAC 715:10-3-2 dealing with the requirements for full -time service provides that:

“For service performed on or after July 1, 2012, creditable service credit will be awarded as outlined in 715:10-3-1.”

This change deletes the current six hour “minimum” that exists for determining a full-time employee for purposes of a year of creditable service. There exist a myriad of support services in local school districts and those positions do not necessarily customarily entail an eight hour day. The concern with this proposed rule change is the potential impact on non-classified personnel. Currently, many – if not all – school districts have support (non-classified) personnel who occupy full-time positions that are six hours per day. Additionally, many school districts have “six plus” hour per day positions for support employees, depending upon the nature of the position and duties.

Although the proposed rule refers back to OAC 715:10-3-1 for purposes of determining creditable service, the proposed change in OAC 715:10-3-2 is being interpreted by many business managers for local school districts as requiring an eight hour day for classified personnel to qualify as “full-time” and receive corresponding credit for TRS purposes. Part of the confusion in this interpretation could be related to the illustration contained in the explanation for the rule change (i.e., the next to last sentence contrasting a 40 hour work week with a member who works a 30 hour work week and receives 0.75 years of retirement credit as a result); however, many school districts will assume that a full-time support position will now require an eight hour day (or forty hour week) in order to qualify for full-time service for TRS purposes. That interpretation is not only contrary to what appears to be the intent of OAC 715: 10-3-1 (requiring an employer to certify what constitutes a “full-time” position), but also penalizes many non-classified members of the TRS.

A suggested solution would be to modify the proposed change to OAC 715:10-3-2 to specify that local school districts certify what would ordinarily constitute “full-time” employment for the support (classified) positions in the school district. Additionally, separating the eligibility requirements for classified and non-classified positions in a school district would alleviate some of the confusion that exists in interpreting the intent and effect of the proposed rule changes. Although those changes and clarifications could be made in the *Client Handbook* and/or the *Employer Manual*, a clarification in the proposed rule is preferable.

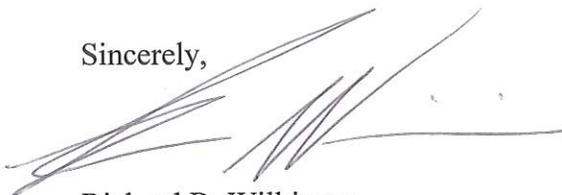
In conclusion, the OEA is supportive of the overarching purpose of the proposed rule changes. However, there are certain areas in the proposed rule changes that require additional clarification. Specifically, guidance to local school districts on what constitutes “full-time” employment for purposes of certifying positions for classified members pursuant to OAC 715:10-3-1 and additional clarification on what constitutes “full-time employment for non-classified (support) positions pursuant to OAC 715:10-3-2 are necessary to avoid the already existing confusion about the impact of the proposed changes and the potential adverse and inequitable impact on both the classified and non-classified members of TRS.

Should you have questions about the comments or suggestions above or should you require additional information, please do not hesitate to contact me at your convenience. Your consideration

James R. Wilbanks, Ph.D.  
February 13, 2012  
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of the comments and suggestions of the OEA is appreciated.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping, sweeping lines that form a stylized representation of the name Richard B. Wilkinson.

Richard B. Wilkinson  
OEA General Counsel

February 16, 2012

Dr. James R. Wilbanks, Ph.D.  
Executive Director  
Teachers' Retirement System of Oklahoma  
Post Office Box 53524  
Oklahoma City, OK 73152

Dear Dr. Wilbanks:

In response to the proposed rule changes, the University of Central Oklahoma has the following comments:

- 1) 715:10-1-2: Those of us who are charged with complying with the complex rules and regulations of OTRS are not aided in any way by removing identified duplicative language from the source document "Rules and Laws." Statutes are not easily read and may not even be easily found if attempting such a task for the first time. Will the Client Handbook retain all this information for ease of retrieval? If not, please reconsider these deletions.

All of us struggle with the definition of "classified" vs "non-classified" and we would argue that no part-time employee would ever be considered a classified employee or labeled as an administrator. If we consider FLSA-defined exempt employees as classified, then our practical application is easier to discern, except for the exclusion of adjunct faculty, but those are easily identified. Striking the 20 hour minimum, and including ANY fractional employees deemed classified by a definition which has no content and is subjective at best, is not an ideal scenario. This change simply makes it even harder to determine. It would be most helpful if language could be added to make this term far more clear than it is.

- 2) 715:10-1-4: The added language to Item 1 in this section also causes more confusion. "And receive benefits generally provided to regular employees" would then seem to exclude all our 20 hr per week employees. We do not offer benefits to anyone working less than 75% (30 hours per week.) The "and" would serve to exclude them. If this is not the intent, it only serves to confuse, based on proposed language.

The striking of the optional participation by those 55 or older, and in particular the requirement for participation going forward, seems quite harsh. We have a 74-year-old employee who would now be required to participate because they are retired from other than OTRS. While you might argue that grandfathering this group makes managing the rules more difficult, these individuals are not in the system now, so there would be nothing to track. If those hired after 7-1-12 or 7-1-13 were to be included, that would be far more equitable.

- 3) 715:10-1-5 Why is inconsistency being applied toward eligibility based on hours per week solely on the label of classified (any number of hours) or non-classified (20 hours minimum)? It would seem that if your intent is to increase participation, and thus, the employer contribution toward the unfunded liability, why is a distinction being made? Again, this simply makes compliance even harder.

- 4) 715:10-3-1 If part of the reasoning behind this change is to treat all members consistently, how is it then consistent that a faculty member working 9.5 months per year will receive 1 year of credit for the school year, and a 12-month secretary working those same 9.5 months would now only receive 9.5 months of fractional credit if they leave at the same time? Or, they work July 1 through December 31, and get .5 credit. How would the faculty fraction be computed for working through the fall semester and then retiring?
- 5) Once the full impact of the fractional changes is known, if approved and passed, many UCO part-time employees will be discouraged to learn their benefit and the accumulation of service credit have been reduced, mid-career. How is this a positive economic impact on those affected? Full-time staff who may have been planning to retire any given December will certainly not view this change as a positive economic impact.

UCO's cost for those who will now be required to participate due to loss of exemption due to age is not a positive impact, and those required to participate may now decide to leave as opposed to taking a reduced salary. The resulting turnover costs would not be viewed as positive impacts either.

If some of the changes are meant to become consistent with the legislative language already in place, I would urge you to make the change at the heart of the language already in place and match the current practice, which is far more logical, rather than make many changes potentially impacting virtually every employee who was signed up or was an optional part-time participant.

Sincerely,



Jeanette Patton  
Executive Director of Human Resources

## 2012 Proposed Permanent Rules

### TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA CHAPTER 1. ADMINISTRATIVE OPERATIONS

*715:1-1-2 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-106.*

#### **715:1-1-2. Board of Trustees**

~~(a)~~ The general administration and responsibility for the proper operation of the Teachers' Retirement System of Oklahoma, and effectively implementing the retirement statutes, are vested in the Board of Trustees. The statutory authority for the Board of Trustees is Title 70, Oklahoma Statutes, Section 17-106 [70 O.S. 17-106]. ~~The board is comprised of 13 trustees, appointed as follows:~~

- ~~(1) The State Superintendent of Public Instruction, ex officio.~~
- ~~—(2) The Director of State Finance, ex officio.~~
- ~~—(3) The Director of the Oklahoma Department of Career and Technology Education, ex officio, or his or her designee.~~
- ~~—(4) A representative of a school of higher education in Oklahoma, appointed by the Governor and approved by the Senate.~~
- ~~—(5) A member of the System of the nonclassified optional personnel status, appointed by the Governor and approved by the Senate.~~
- ~~—(6) An active classroom teacher, appointed by the President Pro Tempore of the Senate.~~
- ~~—(7) A retired member of the System, appointed by the President Pro Tempore of the Senate.~~
- ~~—(8) An active classroom teacher, appointed by the Speaker of the House of Representatives.~~
- ~~—(9) A retired classroom teacher, appointed by the Speaker of the House of Representatives.~~
- ~~—(10) Four members appointed by the Governor.~~

~~(b) Persons appointed to the Board of Trustees pursuant to (a) above, shall:~~

- ~~—(1) Have demonstrated professional experience in investment or funds management, public funds management, public or private pension fund management or retirement system management, or~~
  - ~~—(2) Have demonstrated experience in the banking profession and professional experience in investment or funds management, or~~
  - ~~—(3) Be licensed to practice law in Oklahoma and have demonstrated professional experience in commercial matters, or~~
  - ~~—(4) Be licensed by the Oklahoma State Board of Public Accountancy to practice in Oklahoma as a public accountant or as a certified public accountant.~~
- ~~(c) The Governor, in making appointments that conform to the above requirements, shall give due consideration to balancing the appointments among the listed criteria.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA  
CHAPTER 1. ADMINISTRATIVE OPERATIONS**

*715:1-1-3 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-106.*

**715:1-1-3. Medical Board**

The statutory authority for the Medical Board is Title 70, Oklahoma Statutes, Section 17-106 [70 O.S. 17-106].

~~A Medical Board of three physicians, licensed by the State of Oklahoma, approved by the Board of Trustees, is charged with the responsibility of certifying members for retirement under the disability retirement provisions.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA  
CHAPTER 1. ADMINISTRATIVE OPERATIONS**

*715:1-1-4 is being amended to remove obsolete information.*

**715:1-1-4. Administrative office**

The Teachers' Retirement System has office space located in the Oliver Hodge Education Building, 2500 N. Lincoln Boulevard, Oklahoma City, Oklahoma 73105. The mailing address for correspondence is TRS, P. O. Box 53524, Oklahoma City, OK 73152. The main telephone number is (405) 521-2387. The toll-free telephone number for calls originating outside the Oklahoma City local calling area is 1-877-738-6365. ~~The Teachers' Retirement System's website is [www.trs.state.ok.us](http://www.trs.state.ok.us).~~ Members are encouraged to visit the Retirement Office, or make written inquiries regarding any matter pertaining to their retirement accounts.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA  
CHAPTER 1. ADMINISTRATIVE OPERATIONS**

*715:1-1-6 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-111.*

**715:1-1-6. Bonds (protective)**

~~(a) Under supervision of the Board, the administration of the System is carried out by the Executive Director and the office staff. The State Treasurer, who is the custodian of the Teacher's Retirement funds, is under a \$50,000 bond to the Board of Trustees. A \$25,000 bond is required of the Executive Director.~~

~~(b) All persons employed by TRS, except the Secretary Treasurer, shall be bonded by a blanket bond in an amount not in excess of \$20,000. The position of Secretary Treasurer shall be covered by an individual bond in the amount of \$25,000. The amount of the bonds of the Executive Director and the State Treasurer is set by the Teacher's Retirement law.~~

~~(c) A cash and securities bond provides coverage on securities, \$10,000 inside the premises and \$30,000 outside the premises, and cash, \$500 inside the premises and \$1,000 outside the premises. A depositor's forgery bond in the amount of \$10,000 protects TRS and its members against forgery on checks.~~

~~{Source: Amended at 28 Ok Reg 978, eff 5-26-11}~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA  
CHAPTER 1. ADMINISTRATIVE OPERATIONS**

*715:1-1-9 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-106.1.*

**715:1-1-9. Investment of funds**

~~The Board of Trustees shall be the trustees of the several funds created by the Teachers' Retirement Act and shall have full power to invest and reinvest such funds subject to the provisions of 70 O.S. 17-106, other pertinent laws of the State of Oklahoma, and the investment policies that may be adopted by the Board of Trustees. In making investments, the Board shall exercise the judgment and care in the circumstances then prevailing that men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable safety of their capital. This shall not be construed to authorize the Trustees to buy or sell property and investments from or to themselves personally, or to commingle Trust Funds with their individual funds. (See OAC 715:10-21-1)~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 1. Membership Provisions**

*715:10-1-2 is being amended to remove language that is duplicative to State Statute O.S. 70, Section 17-103 and to clarify membership provisions.*

**715:10-1-2. TRS membership eligibility**

TRS membership eligibility shall be governed by Title 70, Oklahoma Statutes, Section 17-103 [70 O.S. 17-103] and OAC 715:10-1-3, and OAC 715:10-1-4 and OAC 715:10-1-5.

~~Except as provided in the Alternate Retirement Plan for Comprehensive Universities Act (70 O.S. § 17-201, et seq.), all "regular" employees of the public schools operated by and for the State of Oklahoma are eligible to become members of the Teachers' Retirement System, subject to the restrictions in paragraphs 1 through 3 of this section.~~

~~(1) Regular employee means an employee working twenty (20) hours or more per week, who has assigned duties and responsibilities, and who is treated by all standard conventions as an employee of the school; and, who receives compensation commensurate with the responsibilities of the position. Temporary, seasonal, supplemental and other employees employed on a limited or short term basis are not regular employees, and are thus ineligible.~~

~~(2) Regular employees receive payment for service by a school or state warrant, recorded on a warrant register with standard payroll deductions and receive benefits generally provided to other "regular" employees.~~

~~(3) The minimum requirement of twenty (20) hours per week shall be determined by the actual time the employee is required to be present at the place of employment.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 1. Membership Provisions**

*715:10-1-3 is being amended to remove language that is duplicative to State Statute O.S. 70, Section 17-103 and to clarify membership provisions.*

**715:10-1-3. Mandatory TRS membership**

Except as provided in the Alternate Retirement Plan for Comprehensive Universities Act, ~~the following~~ all classified employees are required by 70 O.S. 17-103 to be members of the Teachers' Retirement System as a condition of employment.

~~(1) "Classified" employees employed by public, state-supported educational institutions in Oklahoma for twenty (20) hours or more per week at a rate of compensation comparable to other persons employed in similar positions.~~

~~(2) An administrative or supervisory employee of the State Department of Education, or other state agency whose function is primarily devoted to public education and who works twenty (20) hours or more per week at a rate of compensation comparable to other persons employed in similar positions.~~

~~(3) A county superintendent of schools. (This paragraph will become obsolete January 1, 1993, when provisions of H.B. 1017 abolish the office of county superintendent). [Source: Amended at 22 Ok Reg 2255, eff 6-25-05]~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 1. Membership Provisions**

*715:10-1-4 is being amended to clarify membership provisions.*

**715:10-1-4. Optional TRS membership**

The following employees are eligible to be members of the Teachers' Retirement System at their option:

~~(1) "Classified" employees regularly employed in the public, state-supported educational institutions of Oklahoma at any time during the five year (5 year) period from July 1, 1938 to June 30, 1943.~~

~~(12) "Non-classified" employees employed by the public, state-supported educational institutions in Oklahoma for twenty (20) hours or more per week at a rate of compensation comparable to other persons employed in similar positions; and receive payment for service by a school or state warrant, recorded on a warrant register with standard payroll deductions, and receive benefits generally provided to regular employees.~~

~~(3) "Classified" employees regularly employed in the public, state-supported educational institutions who have reached age fifty five (55) at the time of employment.~~

~~(4) "Classified" employees regularly employed by a comprehensive university, as defined in 70 O.S. § 17-101, who have reached age forty five (45) at the time of employment, providing the employee is not currently a member of the Teachers' Retirement System.~~

~~(5) An employee on official sabbatical leave receiving at least one-half pay from the employing school or institution. Contributions for such employment shall be at a rate commensurate with the salary earned as a regular full-time employee in the last preceding school year. "Official sabbatical" means paid leave granted by the governing board of the employing school or institution. The member must elect to participate and make contributions to TRS at the time of the sabbatical. Sabbatical leave cannot be purchased by the member at a later date.~~

~~(26) Any member absent from the teaching service who is eligible to continue membership under special provisions of 70 O.S. 17-116.2, provided that such employee continues to be employed by a governmental agency.~~

~~(37) A visiting professor from another state or nation.~~

~~(48) Classified and Non-Classified members employed after retirement. (See OAC 715:10-17-13).~~

~~(59) Full-time, non-classified optional personnel who previously have opted out of TRS under OAC 715:10-11-2 may revoke their election and return to TRS participation. Providing, however, that such member is not eligible to redeposit the account withdrawn under OAC 715:10-11-2 or purchase credit for service performed after termination of membership and re-instatement of membership.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 1. Membership Provisions**

*715:10-1-5 is being amended to clarify membership provisions.*

**715:10-1-5. Ineligible for TRS membership**

The following employees are ineligible to be members of the Teachers' Retirement System. (Note: Ineligible employment cannot be combined with eligible employment.)

- (1) A ~~non-classified~~ employee working less than 20 hours per week.
- (2) A substitute, irregular, seasonal, graduate assistant, fellowship recipient, adjunct supplemental or temporary employee. (Note: Certain substitute and adjunct employment may qualify for service credit. See OAC 715:10-5-2 and OAC 715:10-5-34).
- ~~(3) "Non-classified" employees who withdrew from membership in the Teachers' Retirement System after July 1, 1990, under provisions of OAC 715:10-11-2.~~
- (34) Persons employed as a consultant or persons contracting with a public school to transport students, to provide food service, or to provide any other services, who are not "regular" employees of the school. (NOTE: School bus drivers or food service personnel who are regular employees of the school are eligible for membership, subject to the requirements of OAC 715:10-1-2, 10-1-4, 10-1-5.)
- ~~(45)~~ An employee whose primary function at a school or institution is that of a student. If both the following conditions apply, a person employed in an Oklahoma public school, college or university shall be considered to be a student employee.
  - (A) The employment is conditional upon the employee's being enrolled as a student at the same institution; and
  - (B) The employee has no other employment during the same payroll period which is eligible for membership in TRS.
- ~~(6) A regular employee who earns less than \$2,000 per year.~~
- (57) Any persons whose employment compensation comes from federal or other funds and is not administered by an Oklahoma public education employer. (Note: If the employee is not paid by the school on a state warrant, the employee is not considered to be an employee of the school or the State of Oklahoma. Regular employees whose salaries are paid in part or in whole by federal or other funds are eligible for membership if they were hired by the school and paid by the school.)
- ~~(68)~~ Any person employed by the public schools of Oklahoma after July 1, 1991, who is covered by another federal, state, county or local public retirement plan which will provide benefits on the employment service covered by the Teachers' Retirement System.
- ~~(79)~~ Employees of employers that are not governmental employers within the definition of Internal Revenue Code Section 414 and 70 O.S. 17-116.2J.
- ~~(840)~~ Any person employed by the University of Oklahoma or Oklahoma State University or the entities of either comprehensive university who elects to participate in an alternative retirement plan provided by the comprehensive university as provided by the Alternate Retirement Plan for Comprehensive Universities Act.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 1. Membership Provisions**

*715:10-1-6 is being amended to clarify membership provisions. Additionally, OTRS no longer requires Form 1-A for membership.*

**715:10-1-6. Date of Membership**

Date of membership is the date the initial contribution is made to TRS under the current membership account. (~~TRS Form 1-A must be completed and on file with TRS and membership approved by the Board of Trustees.~~) Any former member of TRS who has previously withdrawn contributions and who redeposits said withdrawn contributions as permitted by law shall have his or her initial date of membership reinstated. Any person who transfers service from the Oklahoma Public Employees Retirement System in accordance with 70 O.S., Section 17-116.2(L), shall be eligible to use his or her initial entry date into the Oklahoma Public Employees Retirement System as his or her date of membership in TRS. If a current member purchases non-contributory service for those years of qualified employment prior to the current date of membership, the official date of membership will remain the date the member's current membership account was opened. If a member purchases adjunct service that was performed prior to current date of membership, such purchased service shall be considered contributing service for purposes of vesting and membership date.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 1. Membership Provisions**

*715:10-1-7 is being amended to clarify membership provisions.*

**715:10-1-7. Membership in education associations**

Any member absent from employment in the public schools of Oklahoma because of election or appointment as a local, state or national education association officer prior to January 1, 2011, shall be allowed to retain membership in TRS by making the contribution required of such member by Title 70 Okla. Stat. Section 17-116.2 and any other applicable statute. For purposes of this section the following shall apply:

- (1) An education association is defined as an organization of educators established for the sole purpose of promoting the advancement of educational goals in Oklahoma or at the national level. A local or state association must be duly organized under the laws of the state of Oklahoma with a charter or articles of incorporation filed with the appropriate state agency and must comply with all applicable laws of the state of Oklahoma. A national association must be duly registered or chartered for the purpose of furthering educational goals at the national level.
- (2) An "officer in an association" is a current member of TRS who is elected or appointed to an employment position within the association commensurate with a position in the public schools of Oklahoma defined as "classified" personnel by 70 O.S. 17-101. The officer must receive compensation for services rendered commensurate with compensation received for similar services in the public schools of Oklahoma.
- (3) A member must notify TRS in writing on the form provided by TRS, the member's intent to elect to continue membership in TRS within thirty (30) days of becoming employed by an eligible association. In making this election the member shall agree to make payment in accordance with 70 O.S. 17-116.2 for the period of employment that qualifies for continued membership and to comply with all statutes and rules of TRS in maintaining membership.
- (4) The maximum years of creditable service a member may receive for one such absence shall not exceed twelve (12) continuous years. A member may again qualify for creditable service in an educational association provided that the member returns to employment in the public schools of Oklahoma for a minimum of the same number of years received as credit in the former education association.
- (5) On the recommendation of the Executive Director, the Board of Trustees may deny eligibility to any local state or national association, when it is judged not to conform with the intent of 70 O.S. 17-116.2 or when it is determined that the association was not established for the sole purpose of promoting the advancement of education.
- (6) Effective July 1, 1994, a member may elect to continue membership as provided in paragraph (3) above only if the member has ten (10) years of contributory Oklahoma service prior to July 1, 1994.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 3. Service Eligibility**

*715:10-3-1 is being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7. Specifically, with the requirement that Classified personnel must be members of the System regardless of the number of hours worked, this change will allow all such members to receive retirement service credit in line with the fraction of full time service that is worked. This will also treat all members of the System consistently in that service credit will be based on the fraction of full time service for similar positions. The current rule grants a year of retirement service credit for those working as little as 30 hours a week. Similarly, members who work for 120 days currently receive a year of service credit. With this change, a member who works 120 days, when a full time employee in a similar position would work 180 days, would receive 0.67 years of retirement service credit. Also, a member who works 30 hours per week, when a full time employee in a similar position would work 40 hours per week, would receive 0.75 years of retirement service credit. This change in service credit calculation and accrual will apply to all service earned after July 1, 2013.*

**715:10-3-1. Requirements for creditable service**

All members of Teachers' Retirement System must be employed a specified amount of time as related to their educational employment position, and earn a minimum salary, before creditable service will be awarded. No service performed as a unpaid volunteer shall be counted as service credit. For service performed on or after July 1, 2013, creditable service will be awarded based upon the information provided by each employer certifying full-time equivalent for each position, subject to approval by TRS. No member shall receive one (1) year of service credit for less than 960 hours of employment. (This does not mean that a member working 960 hours is automatically entitled to receive one (1) year of creditable service.) No more than one (1) year of creditable service shall be awarded for all service in any one (1) school year. For service performed on or after July 1, 2013, fractional service will be awarded for less than full-time employment performed during the contract year. (Note: Please refer to Client Handbook for explanation of creditable service qualifications. The Client Handbook, which is periodically modified, can be found at [www.ok.gov/TRS](http://www.ok.gov/TRS)).

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 3. Service Eligibility**

*715:10-3-2 is being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7. Specifically, with the requirement that Classified personnel must be members of the System regardless of the number of hours worked, this change will allow all such members to receive retirement service credit in line with the fraction of full time service that is worked. This will also treat all members of the System consistently in that service credit will be based on the fraction of full time service for similar positions. The current rule grants a year of retirement service credit for those working as little as 30 hours a week. Similarly, members who work for 120 days currently receive a year of service credit. With this change, a member who works 120 days, when a full time employee in a similar position would work 180 days, would receive 0.67 years of retirement service credit. Also, a member who works 30 hours per week, when a full time employee in a similar position would work 40 hours per week, would receive 0.75 years of retirement service credit. This change in service credit calculation and accrual will apply to all service earned after July 1, 2013.*

**715:10-3-2. Requirements for fulltime service**

A) For service performed prior to July 1, 2013, a member employed at least six (6) hours per day (30 hours per week) shall be considered a full-time employee.

(1) A full-time employee may receive one (1) year of creditable service after completing six (6) months or more of employment in a school year.

(2) No member shall receive one (1) year of service credit for less than 720 hours of employment. (This does not mean that a member working 720 hours is automatically entitled to one (1) year of creditable service.)

B) For service performed on or after July 1, 2012<sup>3</sup>, creditable service will be awarded as outlined in 715:10-3-1.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
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*715:10-3-3 is being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7. Specifically, with the requirement that Classified personnel must be members of the System regardless of the number of hours worked, this change will allow all such members to receive retirement service credit in line with the fraction of full time service that is worked. This will also treat all members of the System consistently in that service credit will be based on the fraction of full time service for similar positions. The current rule grants a year of retirement service credit for those working as little as 30 hours a week. Similarly, members who work for 120 days currently receive a year of service credit. With this change, a member who works 120 days, when a full time employee in a similar position would work 180 days, would receive 0.67 years of retirement service credit. Also, a member who works 30 hours per week, when a full time employee in a similar position would work 40 hours per week, would receive 0.75 years of retirement service credit. This change in service credit calculation and accrual will apply to all service earned after July 1, 2013.*

**715:10-3-3. Requirements for half-time service**

A) For service performed prior to July 1, 2013, a member employed at least four (4) but less than six (6) hours per day (at least 20 but less than 30 hours per week) shall be considered a half-time employee.

(1) A half-time employee may receive one-half (1/2) year of creditable service after completing six (6) months or more of employment in a school year.

(2) No member shall receive one-half (1/2) year of service credit for less than 480 hours of employment. (This does not mean that a member working 480 hours is automatically entitled to one-half (1/2) year of creditable service.

(3) A member who is employed one-half (1/2) the standard workload of other persons employed in similar positions shall not receive more than one-half (1/2) year of service credit even if total hours worked exceed 720 hours.

(4) Members who joined TRS prior to July 1, 1991, may receive one-half (1/2) credit for a minimum of three (3) hours per day (540 hours per school year) as long as they remain employed in the same or similar position for the same employing school. Any break in employment shall end this special provision and the member will be required to qualify for full-time or half-time credit as provided for in Subchapters 1 and 3 of this chapter.

B) For service performed on or after July 1, 2013, creditable service will be awarded as outlined in 715:10-3-1.

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*715:10-3-4 is being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7. Specifically, with the requirement that Classified personnel must be members of the System regardless of the number of hours worked, this change will allow all such members to receive retirement service credit in line with the fraction of full time service that is worked. This will also treat all members of the System consistently in that service credit will be based on the fraction of full time service for similar positions. The current rule grants a year of retirement service credit for those working as little as 30 hours a week. Similarly, members who work for 120 days currently receive a year of service credit. With this change, a member who works 120 days, when a full time employee in a similar position would work 180 days, would receive 0.67 years of retirement service credit. Also, a member who works 30 hours per week, when a full time employee in a similar position would work 40 hours per week, would receive 0.75 years of retirement service credit. This change in service credit calculation and accrual will apply to all service earned after July 1, 2013.*

**715:10-3-4. Combining fractional years of service**

A) For service performed prior to July 1, 2013, Fractions of school terms performed as an active contributing member of TRS of at least one (1) school month, in different school years, may be combined to make a total of six (6) months for one (1) year of creditable service. It is not permissible to divide service rendered in one (1) year into fractional parts and combine these fractions with service rendered in two (2) or more years in order to gain additional years of service. All fractional service must be combined together before days of unused sick leave are applied to fractional service to obtain service credit. No more than one (1) year of credit will be given for all employment in any one (1) school year. However, if the member has one hundred twenty (120) or more days of unused sick leave and has ninety (90) or more days of combined work experience at the end of the school year when the member retires, TRS will grant one (1) year of service credit for the 120 days of unused sick leave and round the 90 days of work experience to count as one (1) year of service.

B) For service performed on or after July 1, 2013, fractional service credit will be added together and the resulting sum value shall be included in the retirement formula calculations.

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*715:10-3-5 is being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7. Specifically, with the requirement that Classified personnel must be members of the System regardless of the number of hours worked, this change will allow all such members to receive retirement service credit in line with the fraction of full time service that is worked. This will also treat all members of the System consistently in that service credit will be based on the fraction of full time service for similar positions. The current rule grants a year of retirement service credit for those working as little as 30 hours a week. Similarly, members who work for 120 days currently receive a year of service credit. With this change, a member who works 120 days, when a full time employee in a similar position would work 180 days, would receive 0.67 years of retirement service credit. Also, a member who works 30 hours per week, when a full time employee in a similar position would work 40 hours per week, would receive 0.75 years of retirement service credit. This change in service credit calculation and accrual will apply to all service earned after July 1, 2013.*

**715:10-3-5. Minimum compensation requirements**

In addition to the above, the following chart outlines the minimum salary levels which constitute membership service credit for the time periods indicated:

Period	Minimum Time Worked	Required Annual Salary	Allowable Credit	
			Monthly	Annually
07/01/43 06/30/61	9 months	\$900	---	1 year
07/01/61 06/30/64	10 months	Less than \$1,000	Not Eligible	---
		\$1,000	---	1 year
07/01/64 06/30/84		Less than \$1,000	Not Eligible	---
		\$1,000-\$1,500	1-1/2 months	1/4 year
		\$1,501-\$1,750	3 months	1/2 year
		\$1,751-\$1,999	4-1/2 months	3/4 year
		\$2,000 and over	6 months	1 year
07/01/84- <u>06-30- 11121113</u>		Less than \$2,000	Not Eligible	---
		\$2,000-\$3,000	1-1/2 months	1/4 year
		\$3,001-\$3,500	3 months	1/2 year
		\$3,501-\$3,999	4-1/2 months	3/4 year
		\$4,000 and over	6 months	1 year

07-01-~~1112~~  
1113 -  
Present

All  
fractional  
service  
eligible

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*715:10-5-4 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.8.*

**~~715:10-5-4. Cost to purchase Oklahoma service~~**

~~The purchase price for each year of Oklahoma service, unless otherwise specified, shall be based on the actuarial cost of the incremental projected benefits being purchased.~~

~~(1) The actuarial cost and any tables formulated for the purpose of determining such cost, shall be based on the actuarial assumptions adopted by the Board of Trustees to be utilized in the actuarial valuation report for the Fiscal Year beginning each July 1. New actuarial assumptions approved by the Board subsequent to January 1, 1991, shall be incorporated into such tables with an effective date of the next January 1st.~~

~~(2) The actuarial value shall be based upon the member's age, full-time equivalent salary and contribution level at the time of purchase (or the annual salary of the previous year, if greater), together with the earliest age for retirement with maximum benefits and actuarially assumed salary at time of retirement. If purchase is not made by the due date on the billing statement, the purchase must be recalculated and the actuarial cost may increase.~~

~~(3) For purposes of this actuarial cost, the member's age shall be determined as the age at last birthday.~~

~~(4) For purposes of this actuarial cost, the mortality tables shall be formulated as a unisex table assuming a 40% male and 60% female population, based on the actuarial assumptions in paragraph (1) of this section.~~

~~(5) The actuarial cost shall not be less than the contributions required of the member at a rate commensurate with the salary earned as a regular full-time employee the last preceding school year prior to the purchase. Individuals employed on a less than full-time basis shall have their salary adjusted upward, in a prorata manner, to the amount that would be earned if employed full-time.~~

~~(6) Payment may be made in a lump sum for all eligible years of service or in installments equal to establishing one (1) year of creditable service.~~

~~(7) A billing statement will be issued at the request of the member. The due date of payment shall be the date prior to the member's next birthday or June 30th, whichever occurs first.~~

~~(8) A member may request payment of past service credits billed in accordance with provisions of 70 O.S., Section 17-116.8, as amended, to be amortized in monthly installments of not more than sixty (60) months. A payment schedule may be established allowing the member to make monthly payments directly to Teachers' Retirement or through payroll deductions by the member's employer if the employer agrees to make the deductions and remit payments to Teachers' Retirement. Payments remitted by an employer for its employees must be kept separate from the employer's regular retirement contributions and tax sheltered annuity deposits. Effective January 1, 2002, installment payments made through employer payroll deductions qualify for special tax treatment. (See OAC 715:10-5-35.)~~

~~(9) The installment payment schedule provided for in this section must be in equal monthly increments of twelve-month periods not to exceed sixty (60) months. The member shall be responsible for maintaining the payment schedule. Payments are due on the first day of each month. A monthly installment not paid within sixty (60) days of the due date will result in termination of the installment payment schedule with the member given the option of paying the balance of the actuarial cost or receiving partial credit for payments made under the installment schedule as provided for in paragraph (11) of this section.~~

~~(10) The monthly payment will be determined by amortizing the total amount due for the service to be purchased over the period of the installment schedule using an interest rate equal to the actuarially assumed interest rate adopted by the Board of Trustees for investment earnings each year. The current interest rate is eight percent (8%).~~

~~(11) If the installment payment is terminated for any reason, including termination of employment, death of the member or by cessation of payments, the member or his beneficiary will have the option of paying the remaining balance within six (6) months. If the balance is not paid, the member will receive credit for service prorated in whole years for only the principal amount paid. Any payment balance that is not used in crediting whole years will be refunded to the member.~~

~~(12) Credit will not be awarded for partial years of service unless the member's employment record is such that one half (1/2) year of credit is included in the original service to be purchased.~~

~~(13) Credit for service purchased on an installment schedule will not be added to the member's account until the entire balance is paid, except as provided for in paragraph (11) of this section. All payments must be completed one (1) month prior to the effective retirement date of the member.~~

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**Subchapter 5. Establishing Other Service Credits**

*715:10-5-7.3 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 47, Sec. 2-314.*

**715:10-5-7.3. Service credit transfers for TRS members who are CLEET-certified employees of the University of Oklahoma and Oklahoma State University**

The statutory authority for this service credit transfer is outlined in Title 47, Oklahoma Statutes, Section 2-314 [47 O.S. 2-314].

~~(a) A Teachers' Retirement System member employed by the University of Oklahoma and/or Oklahoma State University as a CLEET-certified police officer may make an irrevocable written election to transfer his or her membership to the Oklahoma Law Enforcement Retirement System if the school's governing board elects to participate in the Oklahoma Law Enforcement Retirement System.~~

~~—(1) The member must have been employed by the school as a CLEET-certified police officer before the school's governing board elected to participate in the Oklahoma Law Enforcement Retirement System.~~

~~—(2) The member's election to transfer must be made within three (3) months following the employing school's governing board's election to participate in the Oklahoma Law Enforcement Retirement System.~~

~~—(3) The transferring member shall cease accruing service credit in the Teachers' Retirement System on the date of his or her irrevocable written election to participate in the Oklahoma Law Enforcement Retirement System.~~

~~(b) The Teachers' Retirement System shall transfer to the Oklahoma Law Enforcement Retirement System all of the transferring member's TRS records, as well as employee and employer contributions prior to the first day of the month following the Teachers' Retirement System's receipt of the member's election to transfer.~~

~~(c) The member must pay the difference in the cost of the service credits transferred by the teachers' Retirement System and the cost of such service credits in the Oklahoma Law Enforcement Retirement System.~~

~~(d) For members electing to transfer to the Oklahoma Law Enforcement Retirement System, all TRS service credits not transferred shall be canceled.~~

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*715:10-5-9 is being amended to remove inconsistencies in the rule.*

**715:10-5-9. Re-establishing withdrawn service**

After returning to employment in the public schools of Oklahoma a member may redeposit a withdrawn account to re-establish service previously withdrawn from the system. For purposes of this section the following shall apply:

(1) A "classified" and "non-classified" member (except as noted in paragraphs 2 ~~and 3~~ of this section) who has returned to public education employment and has established one full year (twelve calendar months) of creditable Oklahoma service, is eligible to redeposit withdrawn contributions. A redeposit of withdrawn contributions must include all applicable interest, which shall be computed at a simple interest rate of ten percent (10%) per annum from the date of the withdrawal to the date repayment is made.

~~(2) Nonclassified members who voluntarily withdrew from membership in TRS, subsequent to July 1, 1990, without terminating employment in the public schools of Oklahoma, are not eligible to return to membership unless they become employed in a classified position that requires membership as a condition of employment (See OAC 715:10-1-3).~~

~~(23)~~ Non-classified members who voluntarily withdrew from membership in TRS, between July 1, 1984 and June 30, 1990, without terminating employment in the public schools of Oklahoma, are not eligible to redeposit or purchase past service for any period of employment between the date of the membership period covered by the withdrawn account and the date of return to membership in TRS.

~~(34)~~ Non-classified members who voluntarily cease monthly contributions to TRS while continuing to be employed in an eligible position shall be considered to have withdrawn from membership, ~~for the purpose of paragraphs 2 and 3 of this section.~~

~~(45)~~ Requests for redeposits should be made to the Teachers' Retirement System in writing. The request must include the name in which the service was rendered, the Social Security number and the number of years withdrawn.

~~(56)~~ Documentation of this service is on file in the Teachers' Retirement System office and will be verified by the staff. Service that cannot be documented by researching microfilm records of the member's prior service account or the monthly remittance reports from the employing school must be purchased under the rule for establishing service prior to membership.

~~(67)~~ Repayments of withdrawn accounts may be made by active contributing members of TRS in a single lump sum, which includes the withdrawn contributions and all applicable interest, or in installment payments. Such installment payments may be paid in 12-month increments, but shall be completed within 60 months. Installment payments shall include interest based upon actuarial assumptions adopted by the TRS Board of Trustees. Such installment payments shall be completed before the member's effective retirement date. No proration is allowed for partial payments. If payments terminate prior to completion of the installment agreement, the amount paid by the member shall be refunded without interest.

~~(78)~~ Redepositing of withdrawn accounts must be completed, and payment made to TRS, within sixty (60) days of termination of employment in the public schools of Oklahoma, but one (1) month prior to the effective date of a member's official retirement date.

~~(89)~~ No person may make a redeposit to a member's account after the death of the member.

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*715:10-5-11 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-113.*

**~~715:10-5-11. Military service limited to maximum of five years~~**

~~Credit for military service is limited to a maximum of five (5) years. This includes service both before and after July 1, 1943. No credit may be given for any year of military duty which duplicates any other credit already granted or in which a year of creditable service is available for service in the public schools of Oklahoma. The member must have two (2) years of creditable Oklahoma service after the years of military service credit for each year to be purchased. Out-of-state service credit cannot be counted as employment in obtaining military service credit.~~

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**Subchapter 5. Establishing Other Service Credits**

*715:10-5-28 is being amended to provide clarification and consistency after the implementation of changes in 715:10-3-1 through 715:10-3-5.*

**715:10-5-28. Sick leave service credit**

A member who has unused sick leave days at retirement may receive up to one (1) additional year of service credit. The additional service credit for sick leave days shall be equal to the number of unused sick leave days divided by one hundred twenty (120) days. Such service shall be added to other service credit earned while employed by the public schools of Oklahoma. ~~one hundred twenty (120) days of accumulated unused sick leave days at retirement shall receive one (1) year of additional credit toward retirement. A member who has less than one hundred twenty (120) days of unused sick leave at retirement may add such days to days employed by the public schools of Oklahoma in obtaining an additional year of credit toward retirement.~~ It is the responsibility of the member to obtain verification of sick leave from the employing school prior to the member's official retirement date. No adjustment in retirement benefits shall be made for sick leave documented after the member's retirement date. Sick leave cannot be combined with out-of-state, military service or any non-public Oklahoma school employment to obtain additional credit toward retirement. Service credit obtained by unused sick leave may be used in qualifying for retirement benefits under the "Combination of 80," ~~and "Combination of 90," rule and~~ "Rule of 90/Minimum 60." For any member who joined TRS prior to July 1, 1995, the year of credit received for sick leave shall be treated as service earned prior to July 1, 1995. Unused sick leave may not be used to vest an account or to meet the minimum requirement of five (5) years of employment in the public schools of Oklahoma to qualify for retirement benefits. Sick leave accumulated while employed by any employer other than a public school as defined by 70 O.S. 17-101 shall not be counted for purposes of obtaining additional retirement credit under this rule.

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*715:10-5-33 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 6-104.1.*

**~~715: 10-5-33. Credit for Family Leave~~**

~~(a) A full-time teacher who takes ninety (90) or fewer days of leave without pay to care for his or her child during the first year of the child's life shall receive retirement service credit for the days taken as leave without pay if:~~

~~—(1) the employing district certifies to the Teachers' Retirement System that the employee's leave without pay was taken with the proper approval of the employing district's Board of Education;~~

~~and~~

~~—(2) the Teachers' Retirement System receives payment for the actuarial cost of the service credit for the days taken as leave without pay;~~

~~(b) The teacher shall notify his or her employer and the Teachers' Retirement System in writing within thirty (30) days from the date he or she returns to work that he or she will pay the actuarial cost of the service credit for the days taken as leave without pay.~~

~~(c) The teacher shall have up to twelve (12) months from the date he or she returns to work to pay the actuarial cost for the days taken as leave without pay.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 7. Membership Vesting and Termination**

*715:10-7-6 is being amended to provide clarification and consistency after the implementation of changes in 715:10-1-2 through 715:10-1-7.*

**715:10-7-6. Termination of a non-eligible person**

A member who is employed by a public education entity, in a position which is not eligible for membership, ~~does not meet the hours-per-day minimum, and/or salary requirements,~~ must terminate membership. All contributions remitted for a non-eligible person will be refunded with no interest. If an eligible member's employment is changed to a status that no longer qualifies for membership in TRS, the member's account will be terminated in the same manner as if the member has withdrawn from employment in the public schools of Oklahoma.

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**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 9. Survivor Benefits**

*715:10-9-2 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105(11).*

**~~715:10-9-2. Death benefit when death occurs before retirement~~**

~~(a) A death benefit of \$18,000 shall be paid by TRS to the designated beneficiary upon the death of an in-service member. If there is no designated beneficiary, or if the designated beneficiary predeceases the member, the member's estate shall receive the death benefit. [See OAC 715:10-9-7, if the member and beneficiary were divorced before death].~~

~~(b) "In-service" membership shall include:~~

~~—(1) Employees in an active member status within the Oklahoma public education system at the time of death.~~

~~—(2) Members who have been, or would have been, rehired, automatically or otherwise, for the next school year when death occurs during the summer break.~~

~~—(3) Members on sick leave, for up to one (1) full year, who would be returned to employment by the employer upon satisfactory recovery.~~

~~(c) "In-service" membership shall not include:~~

~~—(1) Employees who are not eligible for membership in TRS.~~

~~—(2) Any member in an in-active employment status, except as noted above in paragraph (b).~~

~~—(3) Any member who resigned as an employee of the public schools of Oklahoma.~~

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**Subchapter 9. Survivor Benefits**

*715:10-9-3 is being amended to clarify the requirements of the rule.*

**715:10-9-3. Monthly annuity in lieu of death benefit**

The designated beneficiary of an active contributing member, who qualified for service retirement, may elect to receive-in lieu of the return of contributions and the \$18,000 death benefit ~~outlined above~~ the retirement benefit to which the deceased member would have been entitled at the time of death under the Option 2 retirement plan. To qualify for this option, the designated beneficiary must have been named as the primary beneficiary at the time of the member's death (see OAC 715:10-15-1 and 10-15-2). This option is only available when the member has designated one individual as the designated beneficiary, and the beneficiary is the member's spouse or someone who is not more than 10 years younger than the member. [See OAC 715:10-9-7, if the member and beneficiary were divorced before death].

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**Subchapter 9. Survivor Benefits**

*715:10-9-4 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105(12).*

**~~715:10-9-4. Death Benefit when death occurs after retirement~~**

~~Upon the death of a retired member who contributed to the Retirement System, TRS shall pay a \$5,000 death benefit to the retiree's designated beneficiary. If the retired member had designated more than one primary beneficiary, the death benefit shall be paid in equal shares to each primary beneficiary. If there is no beneficiary the retiree's estate shall receive this death benefit, unless waived pursuant to OAC 715:10-9-6. This benefit is paid in addition to any payment provided for by the retirement option elected by the member at the time of retirement. (Note: The \$5,000 death benefit does not apply to persons receiving payments under the "Special \$150 Per Month Plan".) [See OAC 715:10-9-7, if the member and beneficiary were divorced before death].~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 9. Survivor Benefits**

*715:10-9-5 is being amended to incorporate Statutory changes under House Bill 2004, enacted in the 2011 Legislative Session.*

**715:10-9-5. Payments to beneficiaries of deceased members**

Death benefit payments will be made by TRS to the beneficiary(s) of each deceased member as expeditiously as possible. The following documents must be provided to TRS before payment can be made.

- (1) The designated beneficiary(s) must provide a certified copy of the death certificate and complete a Claimant's Affidavit Form.
- (2) When no designated beneficiary has been named or the designated beneficiary(s) predeceases the member, and no waiver is sought, permitted or allowed pursuant to OAC 715:10-9-6, the executor/administrator of the member's estate must provide a certified copy of the death certificate, complete Claimant's Affidavit Form, and provide Letters of Testamentary or other documentation of court appointment.
- (3) Payments to minor children named as beneficiaries shall be made in accordance with applicable Oklahoma statutes. However, all such payments shall be distributed in accordance with the requirements of Section 401(a)(9) of the Internal Revenue Code and any regulations under that section. [See OAC 715:10-9-7, if the member and beneficiary were divorced before death].
- (4) The beneficiary(ies) of the \$5,000 or \$18,000 death benefit may sign an "Irrevocable Assignment of Death Benefit and Qualified Disclaimer" to directly transfer all or a portion of the death benefit to a licensed funeral director or facility.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
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**Subchapter 9. Survivor Benefits**

*715:10-9-6 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105(13).*

**~~715:10-9-6. Probate Waivers~~**

~~(a) In the event a member dies, leaving no living beneficiary or having designated his estate as beneficiary, the System shall require the judicial appointment of an administrator or executor for the member's estate prior to payment of any benefits or unpaid contributions. However, this requirement may be waived by the System for any benefits or unpaid contributions in the amount of \$5,000.00 or less, upon presentation of:~~

~~(1) the member's valid Last Will and Testament~~

~~(2) an Affidavit of Heirship naming all heirs to the member's estate which must state:~~

~~(A) that the value of the deceased member's entire estate is subject to probate, and that the estate wherever located, less liens and encumbrances, does not exceed Five Thousand Dollars (\$5,000), including the payment of benefits or unpaid contributions from the System;~~

~~(B) a description of the personal property claimed (including the death benefit or unpaid contributions or both), together with a statement that such personal property is subject to probate; and~~

~~(C) a claim by each individual claiming heir identifying the amount of personal property that the heir is claiming from the System, and that the heir has been notified of, is aware of and consents to the identified claims of all the other claiming heirs of the deceased member pending with the System.~~

~~(3) a Hold Harmless Agreement signed by all heirs;~~

~~(4) a Corroborating Affidavit from someone other than an heir who is familiar with the deceased member; and~~

~~(5) proof of payment of expenses of last sickness, death and burial, including all medical, hospital and funeral expenses.~~

~~(b) The Executive Director of the Teachers' Retirement System shall retain complete discretion in determining which requests for probate waiver may be granted or denied, for any reason. If there is any question as to the validity of any document herein required, the judicial appointment requirement shall not be waived.~~

~~(c) After paying any death benefits or unpaid contributions to any claiming heirs as provided by this section, the Teachers' Retirement System is discharged and released from any and all liability, obligation and costs to the same extent as if the System had dealt with a personal representative of the deceased member. The System is not required to inquire into the truth of any matter specified in this section or into the payment of any estate tax liability.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 11. Withdrawal From Membership and Refund of Deposits**

*715:10-11-1 is being amended to remove inconsistencies in the rule.*

**715:10-11-1. Withdrawal from membership by an eligible person**

Any member who terminates employment in the public schools of Oklahoma may voluntarily withdraw from membership in the Teachers' Retirement System under the following conditions:

(1) The Teachers' Retirement System law provides that members who leave Oklahoma public education employment are eligible to withdraw the contributions made to their TRS account four (4) months after termination. A former employee may submit application for the proceeds of the account after the last day physically worked. Withdrawal payment can be made no earlier than four (4) months after the last public school employment. There are no exceptions to this waiting period. Withdrawal forms may be obtained by contacting the TRS office. Last day of employment shall be defined as:

(A) For teachers - the actual last teaching day in the classroom;

(B) For other personnel - the actual last day on the job.

~~(2) Application for Withdrawal must be received by Teachers' Retirement System no later than the first day of the fourth month of the required waiting period in order to be approved by the Board of Trustees that same month.~~ Written verification from the school's payroll department of a member's termination of employment and/or non-resumption of teaching contract must be on file before processing the Application for Withdrawal.

~~(3) All contributions and interest due must be approved by the Board before payment to the withdrawing member. Payment will be mailed on the 20th day of the fourth month of the required waiting period unless the 20th falls on a legal holiday or a weekend. Payment will then be mailed on the closest business day.~~

~~(4)~~ The years of membership shall be calculated as follows:

(A) For withdrawal purposes - from the date of the first contribution of the current membership to the date of withdrawal, except that member accounts closed in compliance with OAC 715:10-7-3 will be from the date of the first contribution to the date the account is closed.

(B) For payment of interest purposes - from the date of the first contribution of the current membership to the ~~June 30 preceding~~ the date of withdrawal, except that member accounts closed in compliance with OAC 715:10-7-3 will be from the date of the first contribution to the date the account is closed.

~~(5)~~ Interest rate on withdrawals shall be paid as follows:

(A) July 1, 1968 through June 30, 1977 - four and one-half percent (4 1/2%), compounded annually.

(B) July 1, 1977 through June 30, 1981 - seven percent (7%), compounded annually.

(C) As of July 1, 1981 to present - eight percent (8%), compounded annually.

~~(6)~~ Interest payment on withdrawals shall be paid as follows:

(A) If termination occurs within sixteen (16) years from the date membership began, fifty (50) percent of the total accrued interest shall be paid.

(B) With at least sixteen (16) but less than twenty-one (21) years of membership, sixty (60) percent of the total accrued interest shall be paid.

(C) With at least twenty-one (21) but less than twenty-six (26) years of membership, seventy-five (75) percent of the total accrued interest shall be paid.

(D) With at least twenty-six (26) years of membership, ninety (90) percent of the total accrued interest shall be paid.

(67) The Board of Trustees has ruled that a person whose membership has not terminated due to five (5) years of absence from Oklahoma public education employment, but who has applied to withdraw all accumulated contributions, shall not have membership terminated until the withdrawal check has been accepted and cashed.

(78) Effective July 1, 1990, no member is eligible to withdraw contributions made on a pre-tax basis, unless the employee has terminated employment in the public schools for a period of four months.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 11. Withdrawal From Membership and Refund of Deposits**

*715:10-11-2 is being amended to remove inconsistencies in the rule.*

**715:10-11-2. Withdrawal of optional membership while still employed**

A non-classified optional member may voluntarily terminate TRS membership while continuing employment in the public schools of Oklahoma, if:

(1) Proper application is made to TRS. Withdrawal may be made no earlier than two (2) months after date of application and no earlier than the receipt by TRS of the final deposit to the member's account.

(2) The financial officer of the employing school certifies the member's election to stop contributions and the effective date of the member's last contributions and the date payment will be remitted to TRS.

(3) Any member who withdraws under the conditions listed here may rejoin the Teachers' Retirement System, under the provision of OAC 715:10-1-4(8). A member who terminates membership under this section cannot redeposit contributions withdrawn under this section at a later date, even if the individual returns to membership in TRS. The member will also forfeit any right to purchase service performed from the date of termination of membership under this section and prior to the re-entry date, and will forfeit any unused sick leave accumulated from the date of termination of membership under this section and prior to the re-entry date.

(4) A member's contributions cannot be terminated, by either the member or the employer, without termination of TRS membership. Any member who ceases contributions while still employed in an optional position shall be deemed to have become an ineligible member of TRS, and will have forfeited all rights to retirement benefits provided by TRS.

(5) An employer may prevent its employees from withdrawing, under this rule, if the employer has a negotiated labor agreement, or formalized IRS plan, prohibiting such terminations and withdrawals.

(6) After-tax contributions can be refunded to an optional member prior to separation from service. Pre-tax contributions cannot be refunded until the member terminates employment or turns 62. Following termination of employment, TRS should be contacted for the proper form to be completed for return of pre-tax contributions. Upon completion of the verification form by the school and the mandatory four-month waiting period, payment of the balance of the account will be made at the same time as regular withdrawals.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 13. Contributions for Membership Service**

*715:10-13-1 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2.*

**~~715:10-13-1. Regular annual compensation requirements~~**

~~Each member of the Teachers' Retirement System is required to make contributions to the Retirement Fund. Monthly contributions are a set percent of "regular annual compensation". Regular annual compensation is defined as wages plus fringe benefits, excluding the flexible benefit allowance provided by Section 26-105 of Title 70 of the Oklahoma Statutes, and shall include all normal periodic payments as provided in subsection D of Section 17-116.2 of Title 70 of the Oklahoma Statutes. Wages and fringe benefits for retirement purposes are defined as normal periodic payment for service the right to which accrues on a regular basis in proportion to the service performed. Such periodic payments shall include staff development or other periodic payments to qualifying members. Fringe benefits shall include employer paid group health and disability insurance, group term life insurance, annuities and pension contributions and IRS Code Section 125 cafeteria benefits provided on a periodic basis to all qualified members of the employer, which qualify as fringe benefits under the United States Internal Revenue Code. Excluded from regular annual compensation are: employer contributions to a deferred compensation plan that is not provided to all qualified members of the employer, expense reimbursement payments; office, vehicle, housing or other maintenance allowances; the flexible benefit allowance provided pursuant to Section 26-105 of Title 70 of the Oklahoma Statutes; payment for unused vacation and sick leave; any payment made for reason of termination or retirement; maintenance or other non-monetary compensation; payment received as an independent contractor or consultant; or any benefit payments not made pursuant to a valid employment agreement. Contributions can only be remitted on actual wages and fringe benefits. No individual can contribute on unearned or non-existent compensation. Under no circumstances can members pay retirement contributions on more than they actually earn.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 13. Contributions for Membership Service**

*715:10-13-4.1 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2A.*

**~~715:10-13-4.1. Maximum compensation level election for the 1995-96 school year~~**

~~(a) A member employed by an entity or institution within the Oklahoma State System of Higher Education between July 1, 1995, and June 30, 1996, was eligible to elect before January 1, 1997, to make an additional contribution on regular annual compensation in excess of his or her maximum compensation level for the 1995-96 school year.~~

~~(b) The member must have made the election in writing on a form prescribed by the Board of Trustees, and the form must have been filed with the Teachers' Retirement System on or before December 31, 1996.~~

~~(c) Members electing to pay on regular annual compensation in excess of the maximum compensation level for the 1995-96 school year must pay the difference between the member's regular annual compensation up to the member's maximum compensation level for the 1996-97 school year.~~

~~(d) The 1995-96 maximum compensation level for members employed by a comprehensive university was \$32,500, for those members electing to contribute on \$25,000 on or before June 30, 1995; \$49,000 for those members electing to contribute on regular annual compensation in excess of \$25,000 on or before June 30, 1995; and \$49,000 for those members who first joined the Teachers' Retirement System after June 30, 1996, or whose regular annual compensation did not exceed \$25,000 prior to June 30, 1995.~~

~~(e) The 1995-96 maximum compensation level for a member employed by an entity or institution within the Oklahoma State System of Higher Education other than a comprehensive university was his or her regular annual compensation.~~

~~(f) A member who made the election allowed by this rule must pay six percent (6%) of regular annual compensation up to his or her 1995-96 maximum compensation level, plus two and one-half percent (2.5%) of regular annual compensation up to his or her 1995-96 maximum compensation level as employer contributions, less the amount already paid by the member and his or her employer during the 1995-96 school year; however, the employer may pay all or any part of the payment required of the member.~~

~~(g) The payment may be made any time prior to the date the member files the written application for retirement with TRS.~~

~~(h) The member shall be charged interest compounded annually at the rate of ten percent (10%) from the date such contributions would have been paid until the payment is made to TRS.~~

~~(i) The member shall not receive credit for the election until the balance of contributions plus interest is paid in full.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 13. Contributions for Membership Service**

*715:10-13-9 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-120.*

**715:10-13-9. Monthly remittance report of contributions**

A remittance report shall be prepared and filed with the Executive Director of the Teachers' Retirement System by the superintendent of schools or the financial secretary of a school, on the form supplied by the Teachers' Retirement System each month for each payroll period occurring during that month. This remittance report shall be submitted as an electronic file as specified by the Executive Director.

(1) School officials preparing the claims shall prepare an alphabetical list of all members comprising the report, the amount of contributions both taxed and non-taxed (paid by the employer on a before tax basis) for each employee and the total monthly compensation amount. Monthly compensation shall be the total compensation (including benefits) for the pay period and shall not in any case be less than 1/12th of the maximum compensation option elected by the member. The report must include a listing of all persons who are employed by the school and the amount of employer contributions remitted for each employee.

(2) Schools shall send the TRS Form 32, Summary of Payroll Remittance, along with warrants covering the total amount to be remitted for each month. All employee contributions, employer contributions, retired member contributions and matching funds for the pay period shall be remitted at the same time.

(3) TRS Form 1-A Personal Data shall be required for each new member of the Teachers' Retirement System. This form must be mailed to TRS prior to or with the first remittance report containing the name of a new employee/member.

(4) Payments for prior school years may not be included on current year reports. These payments must be handled as a back payment including any interest which may be due. Contact Teachers' Retirement System for proper billing of these amounts.

(5) The employer of each member shall submit the required school reports and corresponding funds within ten (10) days of the last day of each calendar month. Any required reports and corresponding funds not submitted to the Retirement System after thirty (30) days from the end of the payroll month shall be subject to a monthly late charge of one and one-half percent (1 1/2%) of the unpaid balance to be paid by the employer to the Retirement System compounding monthly for each month payment is overdue.

(6) Reports for the summer months of June, July and August must be made on three individual TRS Form 32 reports; however, they can all be sent to TRS at the same time. Reports for July and August of the preceding school year must be prepared and filed as separate reports from reports filed for the new year beginning July 1. Contributions due for one fiscal or school year shall not be commingled on the same remittance report with contributions for the next fiscal or school year.

(7) The Executive Director of TRS may, at any time, require additional items to be included on the monthly remittance report or require additional reports when in the Executive Director's judgment such information is necessary for the efficient operation of the System or to comply with state statutes.

(8) Receipts shall be issued by the Teachers' Retirement System to the remitting agency making the remittance.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 13. Contributions for Membership Service**

*715:10-13-13 is being amended to clarify the requirement of the rule.*

**715:10-13-13. Contributions while receiving payments from Workers' Compensation**

Any member who is an active contributing member and receives temporary total disability benefits during the period of absence from a public school due to a work-related injury or illness and qualifies for payment pursuant to the Workers' Compensation Act shall receive credit for said period of absence subject to the following requirements:

- (1) the member was employed by the public school immediately prior to and during the period of absence,
- (2) the member must notify the System in writing not later than four (4) months after the member's return to his or her job duties with the public school, or termination of the temporary total disability benefits, whichever is earlier, of the member's desire to receive service credit for the period of absence,
- (3) the public school employer must certify to the System in writing the dates during which temporary total disability benefit payments were paid to the member, and
- (4) the member and the public school employer shall each pay the respective contributions required for the period of absence without interest within sixty (60) days of billing by the System, or with interest at a rate consistent with the actuarial assumed earnings rate adopted by the Board of Trustees (currently 8% per annum), compounded annually if paid after said sixty (60) days. Employee and employer contributions will be based on the member's regular annual compensation the member would have earned had the injury or illness not occurred.
- (5) All balances due must be paid in full at least 30 days prior to retirement or termination of employment.

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 15. Service Retirement**

*715:10-15-1 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105.*

**715:10-15-1. Eligibility for service retirement**

**Service retirement requirements shall be administered as outlined in Title 70, Oklahoma Statutes, Section 17-105 [70 O.S. 17-105].**

Members are eligible for service retirement benefits when they have:

- ~~(1) withdrawn from employment in the public education institutions of Oklahoma;~~
- ~~(2) obtained a minimum of five (5) years of creditable service in the public schools of Oklahoma;~~
- ~~(3) satisfied the age and service requirements of Title 70, Okla. Stat., Section 17-105, as defined in OAC 715:10-15-2; and,~~
- ~~(4) made application as provided in OAC 715:10-15-3.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 15. Service Retirement**

*715:10-15-2 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105.*

**715:10-15-2. Age, service requirements for regular retirement**

**Service retirement requirements shall be administered as outlined in Title 70, Oklahoma Statutes, Section 17-105 [70 O.S. 17-105].**

~~A member is eligible for service retirement benefits when the following requirements of age and service are met. Any member who joins TRS after July 1, 1991, shall be required to have five (5) full years of membership as a contributing member of the System. For members who join after July 1, 1991, Oklahoma service purchased after membership will not be counted for "vesting" purposes.~~

~~(1) For any member who joined TRS prior to July 1, 1992, full retirement benefits will be paid to members who:-~~

~~—(A) Have reached age 62, or~~

~~—(B) Whose age as of their last birthday and number of years of creditable service total 80.~~

~~(2) For any member who joined TRS after June 30, 1992, full retirement benefits shall be paid to the member who:-~~

~~—(A) Has reached age 62, or~~

~~—(B) Whose age as of his or her last birthday and number of years of creditable service total 90.~~

~~(3) Reduced retirement benefits will be paid to members who:-~~

~~—(A) Are between ages 55 to 61 and have at least five (5) years of Oklahoma creditable service, but do not have 80 or 90 "points"; the reductions shall be as shown below:-~~

~~—(i) 55 61.89%~~

~~—(ii) 56 65.95%~~

~~—(iii) 57 70.38%~~

~~—(iv) 58 75.23%~~

~~—(v) 59 80.00%~~

~~—(vi) 60 86.66%~~

~~—(vii) 61 93.33%~~

~~—(viii) 62 100.00%~~

~~—(B) Have thirty (30) or more years of creditable service, regardless of age, but do not have 80 or 90 "points." (TRS will provide reduction percentages upon request to any member desiring reduced benefit calculations who is under age 50 with 30 years of service.)~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 15. Service Retirement**

*715:10-15-7 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2.*

**715:10-15-7. Standard retirement formula**

**The standard retirement formula will be applied as directed in Title 70, Oklahoma Statutes, Section 17-116.2 [70 O.S. 17-116.2]**

The standard retirement formula used to determine the maximum monthly retirement benefit is Final Average Salary, times two percent (2%), times Years of Creditable Service, divided by 12. For purposes of this section:-

- (1) Final average salary for members who joined TRS prior to July 1, 1992, is the average of the three (3) highest years on which contributions were made. Final average salary for members who joined TRS after June 30, 1992, is the average of the five (5) highest consecutive years on which contributions were made.-
- (2) If the final average salary is under \$40,000, it will apply to all creditable service years. If the final average salary exceeds \$40,000, the member will have a two tier retirement calculation. All years prior to July 1, 1995, will be calculated at \$40,000 and all years after July 1, 1995, will be on actual final average salary, except for members employed by an entity or institution within the Oklahoma State System of Higher Education as of June 30, 1995, as provided in OAC 715:10-15-7.1.-
- (3) Salary for any school year shall not exceed the statutory maximum limit for contributions for that particular school year.-
- (4) A member who elected to contribute only on compensation up to \$25,000 shall have the average salary limited to no more than \$25,000 for years of service performed prior to July 1, 1995 (see OAC 715:10-13-4).-
- (5) A member who elected to contribute on compensation up to \$40,000, but has not paid all contributions and any applicable interest for any year after June 30, 1987, shall have the average salary limited to no more than \$25,000 for years of service performed prior to July 1, 1995.-
- (6) A member who elected to limit contributions on salary up to \$7,800 between 1974 and 1979, shall have all years of service prior to July 1, 1979, calculated on an average salary not to exceed \$7,800, unless the waiver is revoked in accordance with OAC 715:10-5-8. Years of service after July 1, 1979, shall be calculated using an average salary determined in the same manner as all other members.-
- (7) The years used in determining average salary must be Oklahoma service credits and shall not exceed the actual compensation received during the school or fiscal year when such service was performed.-
- (8) Creditable service shall be the total years of creditable service, including Oklahoma, military, out of state or other years provided by Board rules and statutes.-

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 15. Service Retirement**

*715:10-15-7.1 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.2.*

**~~715:10-15-7.1. Retirement formula for members employed by a comprehensive university~~**

~~(a) For a member employed on or after July 1, 1995, two percent (2%) multiplied by the member's final average salary on which contributions were made times the years of creditable service performed on or after July 1, 1995.~~

~~(b) For a member employed on or before July 1, 1995, as follows:~~

~~(1) For service prior to July 1, 1995, in the same manner as described in OAC 715:10-15-7; plus~~

~~—(2) Two percent (2%) multiplied by the average of the member's maximum compensation level for those years between July 1, 1995 and June 30, 2007, in which the member's regular annual compensation meets the maximum compensation level in effect for the member, times the years of creditable service earned during this period in which the member's regular annual compensation meets the maximum compensation level in effect for the member; plus~~

~~—(3) Two percent (2%) of the member's final average salary multiplied by the years of creditable service earned for those years between July 1, 1995 and June 30, 2007, that did not meet the member's maximum compensation level in effect for this period, plus~~

~~—(4) Two percent (2%) of the member's final average salary multiplied by the years of creditable service earned by the member for service performed after June 30, 2007; plus~~

~~—(5) Two percent (2%) of the member's final average salary upon which contributions were made, multiplied by the member's years of creditable service performed for an employer other than an entity or institution within The Oklahoma State System of Higher Education on or after July 1, 1995.~~

~~(c) The member's maximum compensation level for the years between July 1, 1995 and June 30, 2007, shall be determined by the contribution election made by the member prior to July 1, 1995.~~

~~(d) The term "average of the member's maximum compensation level" means an average of the annual salary on which contributions were made for the years between July 1, 1995 and June 30, 2007.~~

~~(e) In the event there is an insufficient number of years for the time period between July 1, 1995 and June 30, 2007, to reach the high three (3) or high five (5) consecutive years as defined in 70 O.S. § 17-101, the member's maximum compensation level shall be determined by an average of the salary on which contributions were made. In no case shall the member's average maximum compensation level exceed the average salary that would be calculated for any other TRS member for the same period of service with the same contribution level.~~

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*715:10-15-10.2 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105.2.*

**715:10-15-10.2. Partial lump-sum payments**

**The requirements for partial lump-sum payments shall be administered as directed in Title 70, Oklahoma Statutes, Section 17-105.2 [70 O.S. 17-105.2].**

~~Any member of the Teachers' Retirement System with 30 or more years of service credit may elect to receive a partial lump-sum payment in exchange for a reduced annuity. The application for a partial lump-sum payment will be added to the retiring member's final contract for retirement on a form prescribed by the Board of Trustees. A beneficiary of a deceased active member is not eligible to select a partial lump-sum payment.~~

~~(1) A member may elect to receive a partial lump-sum payment in an amount equal to the unreduced retirement benefit (Maximum Retirement Allowance) which would have been paid over a period of 12, 24 or 36 months, had the lump-sum option not been selected. Once the payout amount is selected, a reduced Maximum Retirement Allowance is then calculated using factors based upon the member's age at retirement and the payout option (12, 24, or 36 months) selected. This reduced Maximum Retirement Allowance then serves as the basis upon which other optional payment alternatives will be calculated pursuant to 70 O.S. § 17-105 and OAC 715:10-15-10.~~

~~(2) The partial lump-sum payment shall be paid in a single check separate from the regular monthly retirement benefit within thirty (30) days of the retiring member's first monthly benefit payment. The partial lump-sum payment cannot be returned to the Retirement System once it has been received by the member.~~

~~(3) The partial lump-sum payment shall be subject to federal income tax in accordance with Internal Revenue Code or applicable Internal Revenue Service regulations. In accordance with IRS regulations, the member may elect to roll over the partial lump-sum payment into an eligible individual retirement account (IRA) or other eligible retirement plan, including the Oklahoma Teachers' Retirement System's 403b Tax Sheltered Annuity Plan.~~

~~(4) The total amount of the partial lump-sum payment shall be deducted from the member's account balance consisting of the employee contributions plus interest posted to the member's account prior to July 1, 1968, for the purpose of determining unused contributions remaining in the account.~~

~~(5) The partial lump-sum payment will be based on the service credit and average compensation, including projected compensation, at the time of retirement, but may be issued before final compensation and contributions are received and posted to the member's account. TRS reserves the right to correct any overpayment or underpayment discovered after final compensation and contribution postings have been received. Should the member have been overpaid, TRS will collect such overpayment from the member, based on an actuarial adjustment to the member's monthly benefit. Should the member have been underpaid, TRS will actuarially adjust future monthly benefit payments to compensate the member for the amount of the underpayment.~~

~~(6) A retiree, having received a partial lump-sum payment, who is reemployed and returns to membership contributing status pursuant to OAC 715:10-17-13, shall have his or her subsequent retirement benefit calculated taking into consideration that a partial lump-sum payment has been received.~~

~~(7) Should the retiring member die after the effective date of retirement, but before the partial lump-sum payment is made, the payment will be made to the beneficiary(ies) designated by the retiring member on the final contract for retirement, unless the member filed a separate beneficiary~~

~~form specifically designating a third party as the beneficiary of the partial lump sum payment.~~  
~~(8) If the retiring member is married at the time of retirement, the member's spouse must sign the member's partial lump sum application form acknowledging the retiring member's intent to receive a partial lump sum payment.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 15. Service Retirement**

*715:10-15-10.3 is being amended to remove inconsistencies in the rule.*

**715:10-15-10.3. Partial Lump-sum Option Factors**

The following factors have been developed by consulting actuaries and adopted by the Board of Trustees to be used in the calculation of the partial lump-sum payment selected by a member of the Teachers' Retirement System. The Board of Trustees may adopt new tables at any time upon recommendation of the consulting actuaries, when in the opinion of the Board the experience of the System may justify the need for such change. Adoption of new tables will be prospective and shall not affect any partial lump-sum payment selected and paid prior to the adoption of new factors. *(Note: Please refer to Client Handbook for a list of the factors. The Client Handbook, which is periodically modified, can be found at [www.ok.gov/TRS](http://www.ok.gov/TRS).)*

<b>Age</b>	<b>Factor for 12x PLSO</b>	<b>Factor for 24x PLSO</b>	<b>Factor for 36x PLSO</b>	-	<b>Age</b>	<b>Factor for 12x PLSO</b>	<b>Factor for 24x PLSO</b>	<b>Factor for 36x PLSO</b>
45	91.59%	83.18%	74.77%	-	65	89.50%	78.99%	68.49%
46	91.54%	83.08%	74.63%	-	66	89.29%	78.57%	67.86%
47	91.49%	82.98%	74.47%	-	67	89.06%	78.11%	67.17%
48	91.43%	82.86%	74.30%	-	68	88.81%	77.62%	66.43%
49	91.37%	82.74%	74.11%	-	69	88.54%	77.08%	65.62%
50	91.31%	82.61%	73.92%	-	70	88.25%	76.51%	64.76%
51	91.24%	82.48%	73.71%	-	71	87.94%	75.89%	63.83%
52	91.16%	82.33%	73.49%	-	72	87.61%	75.22%	62.83%
53	91.08%	82.17%	73.25%	-	73	87.25%	74.50%	61.75%
54	91.00%	82.00%	73.00%	-	74	86.86%	73.72%	60.58%
55	90.91%	81.82%	72.73%	-	75	86.44%	72.89%	59.33%
56	90.81%	81.62%	72.43%	-	76	86.00%	71.99%	57.99%
57	90.71%	81.41%	72.12%	-	77	85.51%	71.02%	56.54%
58	90.59%	81.19%	71.78%	-	78	84.99%	69.99%	54.98%
59	90.47%	80.94%	71.41%	-	79	84.44%	68.88%	53.32%
60	90.34%	80.68%	71.02%	-	80	83.85%	67.69%	51.54%
61	90.20%	80.39%	70.59%	-	81	83.21%	66.43%	49.64%
62	90.04%	80.08%	70.12%	-	82	82.54%	65.08%	47.62%
63	89.87%	79.75%	69.62%	-	83	81.82%	63.64%	45.46%
64	89.69%	79.39%	69.08%	-	84	81.05%	62.10%	43.15%

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
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**Subchapter 15. Service Retirement**

*715:10-15-13 is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-105(12).*

**~~715:10-15-13. Survivor benefits when death occurs after retirement~~**

~~Upon the death of a retired member who contributed to the Retirement System, TRS shall pay a \$5,000 death benefit to the retiree's designated beneficiary. If there is no beneficiary the retiree's estate shall receive the death benefit. The benefit is paid in addition to any payment provided for by the retirement option elected by the member at the time of retirement. (Note: The \$5,000 death benefit does not apply to persons receiving payments under the "Special \$150 Per Month Plan"). In the event the total retirement payments made to a retired member and the retired member's joint annuitant, if any, are less than the member's accumulated contributions as credited at the time of retirement, the difference shall be paid to the member's designated beneficiary, or if no designated beneficiary survives, to the member's estate or to the member's nearest surviving next of kin as determined by Oklahoma statutes.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 17. Post-Retirement Employment**

*715:10-17-2 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.10.*

**715:10-17-2. Break between employment and retirement**

The requirements for post-retirement employment shall be administered as directed in Title 70, Oklahoma Statutes, Section 17-116.10 [70 O.S. 17-116.10].

~~A retired member is not eligible to be employed by the public schools of Oklahoma, in any capacity, for sixty (60) calendar days between the retiree's last day of pre-retirement public-education employment and any post-employment. (Note: The last day of pre-retirement employment means the last day the employee is required to be physically present on the job to complete the terms of the employment contract or agreement.) Employment under any condition during this time or payment at a later time for services performed during this time period will cause the forfeiture of all retirement benefits received during the period.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 17. Post-Retirement Employment**

*715:10-17-6 is being amended to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-116.10.*

**715:10-17-6. Earnings limits**

The limitations on post-retirement earnings shall be administered as directed in Title 70, Oklahoma Statutes, Section 17-116.10 [70 O.S. 17-116.10].

~~(a) Effective July 1, 2003, the annual earnings limit from employment in the public schools of Oklahoma for a retired member under age 62 may not exceed one half (1/2) of the member's final average salary used in computing retirement benefits or \$15,000, whichever is less.~~

~~(b) Effective July 1 2003, the annual earnings limit from employment in the public schools of Oklahoma for a retired member age 62 or older may not exceed one half (1/2) of the member's average salary used in computing retirement benefits or \$30,000, whichever is less.~~

~~(c) Notwithstanding the provisions of subsections (a) and (b) of this section, effective July 1, 2008, any retired member who has been retired for thirty-six (36) months or more may receive annualized earnings from employment in the public schools of Oklahoma with no reduction in retirement benefits.~~

~~(d) For purposes of this rule the following shall apply:~~

~~(1) Earnings shall mean "regular annual compensation" as defined in OAC 715:10-13-1 and 70 O.S. § 17-116.2(D). Earnings shall include any payment by a public school for services rendered by a retired member who is employed for any purpose whatsoever. Supplemental retirement payments paid by a former public school employer in accordance with 70 O.S. 17-105(9) or other applicable state statutes or payments to an independent contractor or consultant, pursuant to a lawful contract which complies with the requirements of 70 O.S. § 6-101.2(B), will not be counted as earnings.~~

~~(2) Earnings in excess of the maximum limit will result in a loss of future retirement benefits of one dollar (\$1) for each one dollar (\$1) earned over the maximum.~~

~~(3) The earnings limits will, in all cases, be applied on a calendar year basis from January 1 through December 31.~~

~~(4) The earnings limit for the calendar year in which a member retires shall be one-twelfth (1/12th) of the annual limit multiplied by the number of months the member is eligible to work and receive payments from the public schools of Oklahoma.~~

~~(5) The earnings limit for the calendar year in which a member reaches age 62 shall be prorated in equal monthly increments with the month in which the member's birth date occurs counted at the higher earnings level.~~

~~(6) The earnings limit for the calendar year in which a member reaches his or her thirty-sixth (36th) month of retirement shall be prorated in equal monthly increments.~~

~~(7) For purposes of this section, for a retired member whose average salary exceeds \$40,000, "average salary" means the weighted or aggregated average used to compute monthly benefits for all the member's years of credited service.~~

**TITLE 715. TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
**CHAPTER 10. GENERAL OPERATIONS**  
**Subchapter 25. Qualified Domestic Order**

*Subchapter 25 (715:10-25-1 through 715:10-25-6) is being revoked to remove language that is duplicative to Oklahoma State Statute O.S. 70, Sec. 17-109.*

**Subchapter 25. Qualified Domestic Order**

**~~715:10-25-1. Definition~~**

**~~715:10-25-2. Filing a qualified domestic order~~**

**~~715:10-25-3. Contents of a qualified domestic order~~**

**~~715:10-25-4. Payment to alternate payee~~**

**~~715:10-25-5. Termination of a qualified domestic order~~**

**~~715:10-25-6. Teachers' Retirement not subject to ERISA~~**

**~~715:10-25-1. Definition~~**

~~The term "qualified domestic order" means an order issued by a district court of the State of Oklahoma pursuant to the domestic relations laws of this state which relates to the provision of marital property rights to a spouse or former spouse of a member and which creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to receive a portion of the benefits payable with respect to a member of the Teachers' Retirement System.~~

**~~715:10-25-2. Filing a qualified domestic order~~**

~~A member of Teachers' Retirement, his or her legal representative, a member's former spouse, or his or her legal representative may file a qualified domestic order with the Teachers' Retirement System. In not less than thirty (30) days of such filing, Teachers' Retirement will acknowledge receipt and notify all parties listed in the order that the order has been accepted or that clarification of the order must be provided to Teachers' Retirement. All qualified domestic orders filed with the Teachers' Retirement System of Oklahoma must be in accordance with Oklahoma Statutes and must conform to the provisions of 70 O.S., Section 17-109, as amended. TRS Form 110.46 OTRS Qualified Domestic Order is available upon request and its use is recommended.~~

**~~715:10-25-3. Contents of qualified domestic order~~**

~~For a qualified domestic order to be accepted and binding on the Teachers' Retirement System the order meet the following requirements:~~

~~(1) The order must clearly specify the following:~~

~~—(A) the name and last known mailing address (if any) of the member and the name and mailing address of the alternate payee covered by the order,~~

~~—(B) the amount or percentage of the member's benefits to be paid by Teachers' Retirement to the alternate payee,~~

~~—(C) the number of payments or period to which such order applies,~~

~~—(D) the characterization of the benefit as to marital property rights, and whether the benefit ceases upon the death or remarriage of the alternate payee, and~~

~~—(E) each plan to which such order applies.~~

~~(2) The order meets the requirements of this section only if such order:~~

~~—(A) does not require Teachers' Retirement to provide any type or form of benefit, or any option not otherwise provided under the state law as related to the Retirement System,~~

- ~~—(B) does not require Teachers' Retirement to provide increased benefits,~~
- ~~—(C) does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee pursuant to another order previously determined to be a qualified domestic order or an order recognized by the Retirement System as a valid order prior to the effective date of this subchapter, and~~
- ~~—(D) does not require payment of benefits to an alternate payee prior to the actual retirement date of the related member or prior to the date the member elects to receive a lump sum distribution of his or her retirement account.~~

#### **~~715:10-25-4. Payment to alternate payee~~**

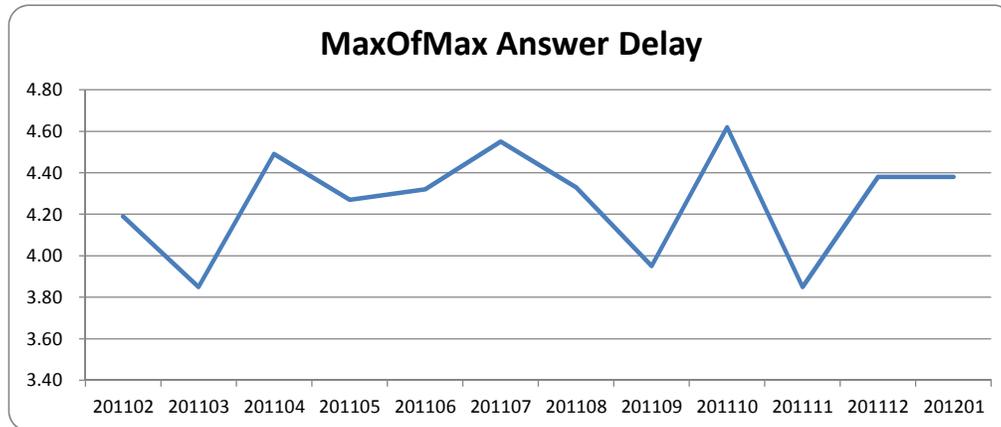
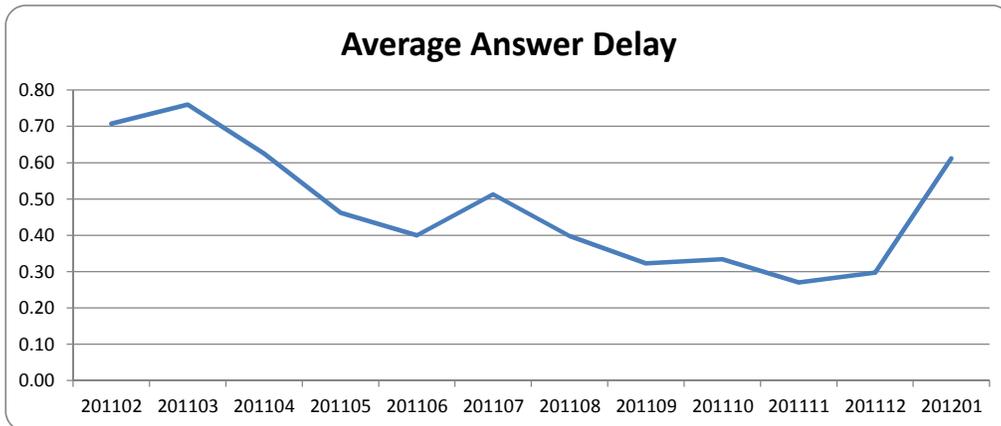
~~Payments to an alternate payee will be made in a like manner and at the same time payment is made to the member. Payment will be either a lump sum distribution of the contributions and interest due the member upon termination of service or death, or monthly benefit payments under the retirement options available to the member at the time he or she applies for retirement benefits. The alternate payee shall not be allowed to choose a method of payment that is different from the method chosen by the member. The alternate payee may not receive payment of any kind prior to the member making application and becoming eligible for payment of benefits. Federal and Oklahoma state income taxes will be withheld from the payment to an alternate payee in accordance with applicable federal and state statutes.~~

#### **~~715:10-25-5. Termination of a qualified domestic order~~**

~~A qualified domestic order will terminate when Teachers' Retirement has fully met the provisions of the order. The obligation of the Teachers' Retirement System to pay an alternate payee pursuant to a qualified domestic order shall cease upon the death of the related member. In the event a qualified domestic order requires the benefits payable to an alternate payee to terminate upon the remarriage of the alternate payee, the Retirement System shall terminate said benefit only upon the receipt of a certified copy of a marriage license, or a copy of a certified order issued by the court that originally issued said qualified domestic order declaring the remarriage of said alternate payee. The order may be cancelled or modified by the court that originally issued the order.~~

#### **~~715:10-25-6. Teachers' Retirement not subject to ERISA~~**

~~For purposes of this subchapter the Teachers' Retirement System of Oklahoma is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C.A Section 1001, et seq., as amended from time to time, or rules and regulations promulgated thereunder, and court cases interpreting said act.~~



**DISABILITY RETIREMENT AS PROVIDED BY  
70 O.S. 17-105 SOCIAL SECURITY DISABILITY  
FEBRUARY 2, 2012**

<b>MEMBER NAME</b>	<b>RETIREMENT NUMBER</b>	<b>SSA EFFECTIVE DATE</b>	<b>RETIREMENT DATE</b>
1. RICHARD R JONES		02/01/2012	February 2012

\_\_\_\_\_  
RETIREMENT PLANNING CONSULTANT

FEBRUARY 2, 2012

\_\_\_\_\_  
DATE PREPARED

**DISABILITY RETIREMENT NOT RECOMMENDED**  
**FEBRUARY 2, 2012**

**MEMBER NAME/COMMENTS**

**SEX/AGE**

**DATE OF BIRTH**

NONE

**RETIREMENT PLANNING CONSULTANT**

FEBRUARY 2, 2012

**DATE PREPARED**

**DISABILITY RETIREMENT RE-EVALUATED**  
**FEBRUARY 2, 2012**

<b>RETIREMENT NUMBER</b>	<b>MEMBER NAME</b>	<b>SEX/AGE</b>	<b>DATE OF BIRTH</b>	<b>COMMENTS</b>
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NONE

\_\_\_\_\_  
RETIREMENT PLANNING CONSULTANT

FEBRUARY 2, 2012  
\_\_\_\_\_  
DATE PREPARED

**MEDICAL BOARD REPORT**  
**FEBRUARY 2, 2012**

The Medical Board of the Teachers' Retirement System of Oklahoma met in the Board Room of the Teachers' Retirement System, located in the Oliver Hodge Building, 2500 North Lincoln Boulevard, 5<sup>th</sup> floor, Oklahoma City, Oklahoma 73105.

**BOARD MEMBERS PRESENT:**

George R. Jay, M.D.

Joseph Harroz, M.D.

**OTHERS PRESENT:**

Anthony W Gilliard, Retirement Planning Consultant

The following member's applications for Disability Retirement were presented and the Medical Board's action is noted beneath each name:

	<b>MEMBER NAME/COMMENTS</b>	<b>SEX/AGE</b>
1.	<b>SHARON K SHAW</b> <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-55
2.	<b>CAMMY WHITE</b> <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-36
3.	<b>KAREN M TAYLOR</b> <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-47
4.	<b>KIMBERLEY K SMITH</b> <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-45
5.	<b>DAVIDA D FELSINGER</b> <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-55
6.	<b>LEAH A FLETCHER</b> <i>DISABILITY RETIREMENT RECOMMENDED</i>	F-53

**RETIREMENT PLANNING CONSULTANT**

FEBRUARY 2, 2012

**DATE PREPARED**



# OKLAHOMA TEACHERS RETIREMENT SYSTEM

Monthly Retirement Status Report - February 2012

**Begin Date:** 2/1/2012  
**End Date:** 2/29/2012

## New Retirements

<u>Type</u>	<u>Count</u>	<u>Benefit Total</u>
Disability	6	\$ 6,104.69
Early	19	\$ 14,447.76
Normal	65	\$ 121,307.21
<b>Total</b>	<b>90</b>	<b>\$ 141,859.66</b>

**Terminated Retirements** (55) (\$68,630.53)

**Net Change** \$ 73,229.13

**New Annuities**

**Begin Date: 3/1/2012**

**End Date: 3/31/2012**

<u>Retirement Type</u>	<u>Retirement #</u>	<u>Annuitant Name</u>	<u>Begin Date</u>	<u>Amount</u>
Disability	D093141	SHARON K SHAW	3/1/2012	\$458.53
	D093142	RICHARD R JONES	3/1/2012	\$1,061.27
	D093143	CAMMY WHITE	3/1/2012	\$712.78
	D093186	KIMBERLY K SMITH	3/1/2012	\$1,722.20
	D093244	LEAH A FLETCHER	3/1/2012	\$1,015.77
	D093262	DAVIDA D FELSINGER	3/1/2012	\$1,134.14
		<b>6 annuities</b>		<b>\$6,104.69</b>
Early	093171	AUDRIA E BATTOGLIA	3/1/2012	\$360.61
	093173	NANCY L BLAKEMORE	3/1/2012	\$1,031.86
	093195	CHRISTY J FERRELL	3/1/2012	\$557.45
	093200	JO A CORN	3/1/2012	\$1,478.91
	093213	MAC V FIELDS	3/1/2012	\$1,068.70
	093214	VIVIAN M GLORE	3/1/2012	\$2,092.48
	093232	PAULA A JENKINS	3/1/2012	\$408.87
	093237	SHARON M SULLIVAN	3/1/2012	\$302.83
	093245	CINDY M ROBINS	3/1/2012	\$842.17
	093246	DAVID J ROWE	3/1/2012	\$335.92
	093247	CINDY A SNODGRASS	3/1/2012	\$1,155.77
	093253	TERRIE S ISAAC	3/1/2012	\$212.35
	093254	RAQUEL MACIEL-DE-DYE	3/1/2012	\$369.58
	093256	LANA G LIGGETT	3/1/2012	\$1,463.17
	093264	CYNTHIA M TURNBULL	3/1/2012	\$272.71
	093266	ROSAI A WILLIAMS	3/1/2012	\$737.29
	093268	CAROL A WOOTEN	3/1/2012	\$183.92
	093272	DEBRA S SCHUMAN	3/1/2012	\$1,141.03
	093273	VIRGINIA D THRONESBERY	3/1/2012	\$432.14
		<b>19 annuities</b>		<b>\$14,447.76</b>
Normal	093169	MICHAEL D BREEDING	3/1/2012	\$370.07
	093170	BILLY D BARKER	3/1/2012	\$789.06
	093172	SANDRA K BENNINGFIELD	3/1/2012	\$2,140.99
	093174	NATHAN J BOYLAN	3/1/2012	\$3,066.16
	093175	JERRY D BRIDGES	3/1/2012	\$689.57
	093176	ELISSA L BUTCHER	3/1/2012	\$168.10
	093180	BARBARA G BLEDSOE	3/1/2012	\$1,789.97
	093182	SALLY J MAHAFFEY	3/1/2012	\$1,513.92
	093183	GREGORY F HEWITT	3/1/2012	\$1,634.96
	093184	TERESA A SEIKEL	3/1/2012	\$2,885.32
	093185	RAYMOND M CADY	3/1/2012	\$1,094.13
	093187	TERRY D DEAN	3/1/2012	\$7,082.91
	093188	KENT L CARNAHAN	3/1/2012	\$1,454.61
	093189	LETA F CARPENTER	3/1/2012	\$1,440.83
	093190	JOHN F CARTER	3/1/2012	\$4,935.51
	093191	LINDA K SIMON	3/1/2012	\$1,822.11
	093193	GERALDINE Z SMITH	3/1/2012	\$1,276.31
	093194	TAWNA D SHULTZ	3/1/2012	\$1,464.19
	093196	ROSE A PRIMEAUX	3/1/2012	\$3,050.40
	093197	JOHN J GARVIE	3/1/2012	\$1,158.06
	093198	GERVACE W COLLINS JR	3/1/2012	\$553.93
	093201	RICHARD L COWART	3/1/2012	\$480.71
	093202	RANDALL C CUMMINS	3/1/2012	\$2,482.10
	093203	BARBARA A CYPERT	3/1/2012	\$1,712.89
	093204	VICKI L DAVIS	3/1/2012	\$1,515.48
	093206	LINDA M TAYLOR	3/1/2012	\$2,089.83
	093207	JANE Y HINOJOSA	3/1/2012	\$818.32
	093208	SALLY HENDERSON	3/1/2012	\$2,506.13

**New Annuities**

**Begin Date: 3/1/2012**

**End Date: 3/31/2012**

<u>Retirement Type</u>	<u>Retirement #</u>	<u>Annuitant Name</u>	<u>Begin Date</u>	<u>Amount</u>
	093209	JULENE D WILSON	3/1/2012	\$4,113.22
	093210	JEFFREY K MCCOSH	3/1/2012	\$2,171.01
	093211	ROBERT D WIEDEMAN	3/1/2012	\$1,355.94
	093212	JUDITH C LOWTHER	3/1/2012	\$1,290.51
	093215	EDDIE L GOTHARD SR	3/1/2012	\$639.82
	093217	DONNA K RICE	3/1/2012	\$1,210.91
	093218	GILDA D RHODES	3/1/2012	\$436.48
	093219	STEVEN A MEIXEL	3/1/2012	\$939.29
	093220	ALICE A RAPER	3/1/2012	\$624.38
	093221	ROBERT W RANDALL	3/1/2012	\$2,931.32
	093222	MARILYN L WILSON	3/1/2012	\$3,734.17
	093223	PATTI K GOUGLER	3/1/2012	\$4,247.07
	093224	CLARENCE D MUNYON	3/1/2012	\$3,211.75
	093225	LARITA A MORRIS	3/1/2012	\$3,756.81
	093226	RONALD D GRAHAM	3/1/2012	\$3,367.39
	093227	VICKIE L GREGORY	3/1/2012	\$1,386.71
	093228	EDNA M HAYDEN	3/1/2012	\$1,971.00
	093229	JEAN M JODLOWSKI	3/1/2012	\$98.91
	093230	DARRELL L HOWARD	3/1/2012	\$314.27
	093235	KAREN L MATARANGLO	3/1/2012	\$859.23
	093236	DONNA J KRAMER	3/1/2012	\$1,912.95
	093238	KAROLYN E KOESTER	3/1/2012	\$2,026.96
	093240	JOHN C GREENFIELD	3/1/2012	\$5,177.46
	093242	MARY L PERKINS	3/1/2012	\$475.35
	093243	RANDOLF L PERRY	3/1/2012	\$1,150.06
	093249	NANCY C STEVENS	3/1/2012	\$2,534.59
	093250	ROBERTA V HAMILTON	3/1/2012	\$2,814.42
	093251	MARY E WERNER	3/1/2012	\$556.34
	093255	BOBBIE R MATHEWS	3/1/2012	\$250.03
	093263	PAMELA J DOTSON	3/1/2012	\$1,570.20
	093265	KAREN M SEARS	3/1/2012	\$336.11
	093270	LESA C WARD	3/1/2012	\$4,525.30
	093271	ALAN G WOLLERTON	3/1/2012	\$117.88
	093274	VERTILENE G MAHA	3/1/2012	\$2,545.79
	093275	BILLY J TRAMMEL SR	3/1/2012	\$1,244.57
	093276	SHERRI J SMITH-GRAY	3/1/2012	\$1,901.40
	093277	CAROLYN S COOK	3/1/2012	\$1,521.04
		<b>65 annuities</b>		<b>\$121,307.21</b>
		<b>90 annuities</b>		<b>\$141,859.66</b>

**Terminated Annuities**

**Begin Date: 2/1/2012**

**End Date: 2/29/2012**

<u>Termination Type</u>	<u>Retire. #</u>	<u>Tax #</u>	<u>Annuitant Name</u>	<u>Termination Date</u>	<u>Benefit</u>
Deceased	010765	XXX-XX-0461	ANNA E RUMSEY	2/1/2012	\$1,893.21
	013422	XXX-XX-7895	LETHA A CROWDER	2/1/2012	\$1,272.15
	014795	XXX-XX-6919	PATRICIA A HAMMERS	2/1/2012	\$253.25
	018170	XXX-XX-4056	MARGARET B LEDBETTER	2/1/2012	\$318.18
	018597	XXX-XX-4122	DONALD W BROWN	2/1/2012	\$1,009.04
	019122	XXX-XX-3514	KATHRYN GLOVER	2/1/2012	\$1,345.14
	019216	XXX-XX-2209	DALE E WILLIAMSON	2/1/2012	\$1,533.94
	020978	XXX-XX-0733	LAVINA V JONES	2/1/2012	\$200.25
	021051	XXX-XX-1691	BILLY G LEITH	2/1/2012	\$247.22
	021103	XXX-XX-0498	JANE P GOLDEN	2/1/2012	\$847.10
	021717	XXX-XX-1195	JOHN W LIVENGOOD	2/1/2012	\$1,689.77
	021770	XXX-XX-2485	WILMA F JONES	2/1/2012	\$312.34
	021915	XXX-XX-0015	ENNIS L HOSKIN	2/1/2012	\$838.45
	023778	XXX-XX-2623	MYRTLE B IRBY	2/1/2012	\$1,944.94
	024847	XXX-XX-4347	SHERMAN L PORTER	2/1/2012	\$2,177.27
	025983	XXX-XX-2462	AILEEN J JUSTICE	2/1/2012	\$1,448.10
	026223	XXX-XX-7373	CLAYTON B MILLINGTON	2/1/2012	\$2,049.37
	027239	XXX-XX-1683	EMMITT M WYNN	2/1/2012	\$685.92
	028379	XXX-XX-1910	NEOMA B WALLER	2/1/2012	\$1,210.90
	029226	XXX-XX-4772	WILLIAM H TOWNES	2/1/2012	\$2,585.93
	029810	XXX-XX-0295	LILLIAN M SMITH	2/1/2012	\$130.33
	030102	XXX-XX-5765	HANNAH V HARRISON	2/1/2012	\$384.28
	032912	XXX-XX-1135	ROBERT L BULL	2/1/2012	\$2,037.92
	034089	XXX-XX-9285	ARTHUR W LEPPKE	2/1/2012	\$725.12
	037025	XXX-XX-8802	BARBARA J WILHELM	2/1/2012	\$160.76
	038647	XXX-XX-2534	RAYMODEEN G PHIPPS	2/1/2012	\$2,968.73
	039130	XXX-XX-9645	BILLY J SMITH	2/1/2012	\$2,329.00
	040161	XXX-XX-0542	OLLIE R CUNNINGHAM	2/1/2012	\$1,513.54
	041115	XXX-XX-5919	BARBARA J STONEBREAKER	2/1/2012	\$389.60
	041751	XXX-XX-1652	JACK R TREAT	2/1/2012	\$900.92
	043306	XXX-XX-6889	AVIS D PUGH	2/1/2012	\$569.25
	044098	XXX-XX-7371	PHYLLIS J MURPHY	2/1/2012	\$248.04
	044140	XXX-XX-2660	BETTY C PATTON	2/1/2012	\$2,001.79
	050062	XXX-XX-0500	ETHEL L ODONNELL	2/1/2012	\$2,333.39
	051986	XXX-XX-2594	WESLEY R MOREFIELD	2/1/2012	\$743.88
	052553	XXX-XX-2810	WILLIAM H RAMPEY	2/1/2012	\$2,207.41
	055455	XXX-XX-2023	RICHARD R ANDREWS	2/1/2012	\$1,139.30
	056584	XXX-XX-9525	CYNTHIA J MCDONALD	2/1/2012	\$2,051.49
	056762	XXX-XX-4536	KATHLEEN M RITTENHOUSE	2/1/2012	\$1,281.16
	057091	XXX-XX-4294	JOHN R BOLTON	2/1/2012	\$2,367.74
	057679	XXX-XX-7921	JANICE C STADLER	2/1/2012	\$1,491.74
	058079	XXX-XX-3544	WILLIAM K WALLACE	2/1/2012	\$418.28
	058672	XXX-XX-9453	NANCY L AUER	2/1/2012	\$1,433.50
	059152	XXX-XX-7111	GENE W MASON	2/1/2012	\$1,755.77
	059571	XXX-XX-3691	ROE M AUSTIN	2/1/2012	\$1,464.28
	060272	XXX-XX-9121	BARBARA J CRAVENS	2/1/2012	\$484.67
	060392	XXX-XX-4736	JOHN R LEE	2/1/2012	\$649.61
	061021	XXX-XX-6478	WAYNE A BROWN	2/1/2012	\$1,897.25
	066844	XXX-XX-7254	THOMAS J FAGG	2/1/2012	\$1,881.89
	069092	XXX-XX-9421	DONALD R BOX	2/1/2012	\$2,769.11
	069331	XXX-XX-9103	MARY E MULLENIX	2/1/2012	\$821.13
	075171	XXX-XX-1878	EVELYN C DURON	2/1/2012	\$698.69

Terminated Annuities

Begin Date: 2/1/2012

End Date: 2/29/2012

<u>Termination Type</u>	<u>Retire. #</u>	<u>Tax #</u>	<u>Annuitant Name</u>	<u>Termination Date</u>	<u>Benefit</u>
	077685	XXX-XX-4489	LONNEY J BROWN	2/1/2012	\$635.16
	D00428	XXX-XX-1434	GERTIE A CROUCH	2/1/2012	\$1,376.04
	D01816	XXX-XX-6466	MARY E ANDERSON	2/1/2012	\$507.29
	<b>55 annuities</b>				<b>\$68,630.53</b>