

**Teachers' Retirement System of Oklahoma  
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**RULE IMPACT STATEMENT**

*This Rule Impact Statement has been prepared pursuant to 75 O.S.Supp.2025, § 253(B)(2)(b).*

**TITLE 715. TEACHERS' RETIREMENT SYSTEM**

**CHAPTER 10. GENERAL OPERATIONS**

**1. BRIEF DESCRIPTION OF NEED/LEGAL BASIS OF PROPOSED PERMANENT RULES:**

TRS rules are proposed, amended, or revoked to comply with the statutory responsibility of the Board of Trustees in establishing rules and regulations for the administration of the System and the transaction of its business (70 O.S. §17-101 et seq.). These emergency rules are necessary due to amendments to Title 70, Section 17-116.10 of the Oklahoma Statutes passed in the 2026 legislative session in House Bill 2288 and will clarify and effect the orderly administration of the System for the benefit of the System's members.

**SUBCHAPTER 17. POST-RETIREMENT EMPLOYMENT**

715:10-17-2 is being amended to reflect amendments to Title 70 Section 17-116.10 of the Oklahoma Statutes enacted by House Bill 2288 in the 2026 legislative session. House Bill 2288 changed the break in service applicable to TRS retirees who return to employment following retirement to 6 months. This amendment reflects the 6-month break in service required by HB2288 and clarifies examples of the types of employment that are prohibited during the break in service.

715:10-17-5 is being amended in association with amendments to Title 70 of the Oklahoma Statutes enacted by House Bill 2288 in the 2026 legislative session. The amendment clarifies the requirement for employers to contribute on compensation earned by retirees who return to work as required by the statute and clarifies the scenarios in which contributions from employer will not be due to TRS pursuant to 70 O.S. Section 17-116.10.

715:10-17-6 is being revoked to reflect amendments to Title 70 Section 17-116.10 of the Oklahoma Statutes enacted by House Bill 2288 in the 2026 legislative session. House Bill 2288 eliminated earnings limits for TRS retirees who, having met their 6-month break in service, return to employment.

715:10-17-8 is being revoked to reflect amendments to Title 70 Section 17-116.10 of the Oklahoma Statutes enacted by House Bill 2288 in the 2026 legislative session. House Bill 2288 eliminated earnings limits for TRS retirees who, having met their 6-month break in service,

return to employment. As a result, repayment of overpaid benefits as the result of exceeding earnings limits will no longer occur.

715:10-17-13 is being amended to reflect amendments to Title 70 Section 17-116.10 of the Oklahoma Statutes enacted by House Bill 2288 in the 2026 legislative session, specifically regarding the break in service for TRS retirees who return to active contributing employment and then eventually re-retire. The rule is being amended to correct the break in service to the 6-month period required under HB2288, reiterate the continued requirement for a bona fide separation, and clarify contributions due from the employer. Lastly, text regarding earnings limits has been stricken.

715:10-17-16 is being amended to reflect amendments to Title 70 Section 17-116.10 of the Oklahoma Statutes enacted by House Bill 2288 in the 2026 legislative session. The rule is being amended to correct the break in service to the 6-month period required under HB2288.

## **2. CLASSIFICATION OF RULE(S) AND JUSTIFICATION FOR CLASSIFICATION**

All rules are classified as NON-MAJOR. While there is a cost to program the new break in service period of time from 60 days to 6 months, it will not exceed \$1 million over 5 years. The cost is one-time.

- 10-17-2: reflects the statutorily required update to the break in service for TRS retirees. Implementation costs for TRS are development time/cost. This is estimated at approximately 24 development hours at the cost of \$109 per development hour for a total estimated development cost of \$2,616.
- 10-17-5: clarifies currently existing requirements for employer to contribute contributions on TRS retirees who return to work in postretirement and clarifies when contributions are not due. No new implementation or compliance costs.
- 10-17-6: revokes earnings limits consistent with the statutory changes. This revocation streamlines the operations of TRS and most likely prevents the need to program earnings limits into the modernized pensions software TRS is currently building. This would be a significant savings in time and thus development costs.
- 10-17-8: revokes the recoupment rule for retirees who exceed their earnings limits, as earnings limits no longer apply. This streamlines the postretirement return to work administration by TRS staff who will no longer need to pursue recoupment processes in this situation. As a result, no implementation or compliance costs are associated.
- 10-17-13: clarifies the new 6-month break in service applies to TRS retirees who retire, return to active contributing employment, and then re-retire. The break in service has always applied to these retirees, so this is not a new concept as applied to them; rather it extends the break to the new period required under HB2288. Otherwise, the edits clarify that bona fide separation, a currently implemented legal requirement, remains required

despite the extension of the 6-month break and clarifies that contributions remain due from employers who employ TRS retirees. Implementation costs for TRS are the development time required to program the new 6-month period and are included in the implementation cost listed in 10-17-2 above.

- 10-17-16: reflects the statutorily required update to the break in service for TRS retirees when returning to State Department of Education for employment for the first time after November 1, 2019 pursuant to 70 O.S. Section 17-103. Implementation costs for TRS are development time/cost and are included in the implementation cost reflected in 10-17-2 above.

### **3. DESCRIPTION OF PROPOSED RULE(S)**

A comprehensive description is contained in Paragraph (A) above of proposed rule changes.

### **4. DESCRIPTION OF THE CLASS(ES) OF PERSON(S) AFFECTED BY THE PROPOSED RULE(S), INCLUDING CLASS(ES) THAT WILL BEAR THE COST(S) OF THE PROPOSED RULE(S), AND ANY INFORMATION ON COST IMPACTS RECEIVED BY THE AGENCY FROM ANY PRIVATE OR PUBLIC ENTITIES**

The class(es) of person(s) affected by the proposed rule(s) amendments is/are the staff of Teachers' Retirement System of Oklahoma as well as members who intent to retire and return to work in retirement and participating employers who hire TRS retirees. No cost impacts have been provided to TRS by any private or public entity.

### **5. CLASS OF PERSON(S) BENEFITTED BY PROPOSED RULES:**

The class(es) of person(s) benefited by the proposed rule(s) is/are the staff of Teachers' Retirement System of Oklahoma as well as members and participating employers. TRS staff benefit from streamlined operations. Members benefit from the ability to return to employment, after the required break in service, with no limits on earning capacity while also receiving their retirement benefit, while employers benefit from having a potentially larger pool of eligible hires.

### **6. COMPREHENSIVE ANALYSIS OF THE RULES' ECONOMIC IMPACT**

Initially, the rule edits are required due to statutory amendments and to that extent, any economic impact is unavoidable. Otherwise, no increased FTE is anticipated as the result of the amendments. The rule edits are not creating new fees for members or participating employers. The rule edits are conforming operations to newly enacted statutory requirements. While the break in service has been extended, a break in service did previously apply, so programming efforts are minimal – a change in the period alone – which is estimated based on development hour costs to total less than \$3,000 as a one-time cost.

### **7. DETAILED EXPLANATION OF METHODOLOGY AND ASSUMPTIONS USED TO DETERMINE ECONOMIC IMPACT**

Economic analysis was completed by conducting a review of whether rule edits would result in changes to processes within TRS which can cost TRS by requiring additional manpower. Earnings limits process elimination is expected to *reduce* manpower efforts for postretirement employment processing; thus no additional manpower is anticipated. Analysis was also conducted on the estimated cost to implement the change in the break in service. This was estimated by taking development hourly costs and anticipated development time.

**8. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULE(S) WILL HAVE AN ECONOMIC IMPACT ON ANY POLITICAL SUBDIVISION OR REQUIRE THEIR COOPERATION IN IMPLEMENTING OR ENFORCING THE RULE(S)**

In the context of HB2288, TRS participating employers, which are political subdivisions, are required by statute to determine whether their employees are retirees TRS and, prior to HB228(2026), often must communicate with TRS and their retiree employees about the retirees' applicable earnings limits. With the cessation of earnings limits, employing a retired TRS member is expected to be less onerous for TRS participating employers. Otherwise, the break in service has always been required; now that it is extended from 6- days to 6months, employers must honor this period of time or potentially jeopardize the retirement of any retiree they hire in the retiree's applicable 6-month period.

**9. DETERMINATION OF WHETHER IMPLEMENTATION OF THE PROPOSED RULE(S) MAY HAVE AN ADVERSE ECONOMIC EFFECT ON SMALL BUSINESS AS PROVIDED BY THE OKLAHOMA SMALL BUSINESS REGULATORY FLEXIBILITY ACT**

No adverse economic impact on small business is anticipated by implementation of the proposed rules.

**10. MEASURES TAKEN TO MINIMIZE THE COST AND IMPACT OF THE PROPOSED RULE(S) ON BUSINESS AND ECONOMIC DEVELOPMENT IN THE STATE, LOCAL GOVERNMENT UNITS OF THE STATE, AND INDIVIDUALS**

Rule edits are the result of HB2288 (2026) and cannot be avoided.

**11. DETERMINATION OF THE EFFECT OF THE PROPOSED RULE(S) ON THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT AND IF THE PROPOSED RULE(S) IS/ARE DESIGNED TO REDUCE SIGNIFICANT RISKS TO THE PUBLIC HEALTH, SAFETY, AND ENVIRONMENT; AN EXPLANATION OF THE NATURE OF THE RISK AND TO WHAT EXTENT THE PROPOSED RULE WILL REDUCE THE RISK.**

Not applicable.

**12. DETERMINATION OF ANY DETRIMENTAL EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT IF THE PROPOSED RULE(S) IS/ARE NOT IMPLEMENTED.**

Not applicable.

**13. DATE IMPACT STATEMENT PREPARED:**

May 19, 2026.

## CHAPTER 10. GENERAL OPERATIONS

### SUBCHAPTER 17. POST-RETIREMENT EMPLOYEE

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

A retired member is not eligible to ~~be employed by~~ perform any service in the public schools of Oklahoma, in any capacity, for ~~sixty (60) calendar days~~ six (6) months between the retiree's last day of preretirement public-education employment and any postretirement public-education employment. For purposes of this section, the term "last day of preretirement employment" shall mean the last day the employee is required to be physically present on the job to complete the terms of the employment contract or agreement or the member's effective retirement date, whichever is later. An employee on paid leave is still considered to be employed for purposes of this section. Employment under any conditions during this time including volunteer services, as an independent contractor, leased employee, or consultant shall cause the forfeiture of all retirement benefits received during the period. ~~A retiree is ineligible to return to work post-retirement until after their retirement date.~~

#### 715:10-17-5. Permissible employment

Post-retirement employment in the public schools, institutions, and agencies covered by TRS is allowed after the break in ~~employment service~~ outlined in OAC 715:10-17-2 has been met. ~~Permissible post-retirement Employment~~ employment subject to this section shall include any services of a classified or nonclassified nature performed by a retired member, as defined in this subchapter, ~~except for payments received as an employee of the State Department of Education pursuant to 70 O.S. § 17-103(7).~~ Public schools, institutions, and agencies covered by TRS who employ retirees in post-retirement employment must remit contributions to TRS due under 70 O.S. §§ 17-108.1 and 17-116.2(B)(3). Note: Retirees who perform service in the public schools, institutions, and agencies covered by TRS or as an independent contractor or consultant, may only do so pursuant to a lawful contract that complies with the requirements of 70 O.S. § 6-101.2(B) and which is approved by TRS within sixty (60) days of the contract's effective date. TRS will follow guidelines in 70 O.S. § 6-101.2(B) and federal guidelines from the Department of Labor and the Internal Revenue Service in determining when a retired person qualifies as an independent contractor or consultant. Generally, independent contracts to perform duties ordinarily performed by classified or non-classified personnel will not be approved by TRS. Public schools, institutions, and agencies covered by TRS who engage retirees under a TRS-approved independent contractor or consultant agreement are exempt from the contribution requirements due for post-retirement employment under 70 O.S. §§ 17-108.1 and 17-116.2(B)(3).

#### 715:10-17-6. Earnings limits [REVOKED]

~~(a) The earnings limit for the calendar year in which a member retires shall be one-twelfth (1/12) 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.~~  
~~(b) Earnings from the public schools may not exceed one-half (1/2) of the member's final average salary used in computing retirement benefits, or the Earnings Limitation for employees allowed by the Social Security Administration, whichever is less. For retired members under the age of sixty-two (62) years, the limit on allowed earnings shall be the lesser of Fifteen Thousand Dollars (\$15,000.00) or one-half (1/2) of the member's final average salary used in computing retirement benefits unless the earnings limitation allowed by the Social Security Administration would be greater than Fifteen Thousand Dollars (\$15,000.00). For retired members sixty-two (62) years of age or older the limit on allowed earnings shall be the lesser of Thirty Thousand Dollars (\$30,000.00) or one-half (1/2) of the member's final average salary used in computing retirement benefits.~~  
~~(c) Earnings in excess of the maximum limit on allowed earnings from public schools of Oklahoma shall result in a loss of retirement benefits, not to exceed the amount of the monthly benefits, for the year the postretirement employment was performed of One Dollar (\$1.00) for each One Dollar (\$1.00) earned over the maximum allowed earnings amount. All other limitations on post-retirement earnings shall be administered as directed in 70 O.S. §17-116.10.~~

#### 715:10-17-8. Repayment of benefits [REVOKED]

~~Any amount due TRS because of earnings exceeding the maximum must be repaid by the member within 30 days of the billing date. TRS has the right to suspend monthly benefits once the member has reached their earnings limit and continues to be employed. TRS may also offset up to 25% of a member's monthly benefit payment to recoup overpayments. Repayment of benefits forfeited due to employment in excess of the maximum limit will require an interest penalty consistent with the actuarially assumed rate of return applicable to the billing, compounded monthly from the date due to the date of repayment.~~

#### 715:10-17-13. Election to return to qualifying employment

Any retired member who returns to employment in the public schools of Oklahoma after the break in service outlined in OAC 715:10-17-2 and is employed half-time or more as defined in OAC 715:10-3-2 and OAC 715:10-3-3 may return to post-retirement employment or active contributing status under the following conditions:

- (1) Active Contributing Status. The retired member must file an irrevocable election to discontinue retirement benefits for the period of such employment. The return to membership contributing status must coincide with the beginning of a school

year or the member must refund all benefit payments received from the beginning of the school year in which employment begins and make employee contributions on any compensation earned from the beginning of the school year to the date of the election to return to contributing status.

(2) The election must be completed by the employing school and signed by the retired member and an official who has authority to employ or pay regular employees of the school.

(3) The election must include the nature of the position held and the beginning date of employment. Retirement payments shall not be resumed during the summer months between consecutive years of this type of employment.

(4) The retired member and the employing public school shall remit employee and employer contributions in the same manner as active contributing employees.

(5) The retired member shall accumulate service credit in the same manner as active contributing employees of the system.

(6) Upon termination of employment, the retired member's monthly retirement benefits will resume with an adjustment to reflect credit for the additional employment as follows:

(A) The initial benefit calculated at the time of retirement will not be affected by the additional employment.

(B) Service credits will be accumulated and credited to the member's record in accordance with Subchapter 3 of this Chapter.

(C) A supplemental benefit for the year(s) of additional service will be calculated using the standard retirement benefit formula and the retirement plan and other options selected by the retiree when the member first retired (See OAC 715:10-15-7 and ~~715:10-15-7.1~~).

(D) The average salary used in calculating the ~~supplement~~ supplemental benefit will be the average of the salaries earned during this period of employment. In the event the member is employed for less than the number of years required to determine the appropriate average salary, the average will be determined by the number of years employed. Annual salaries will be based on contributions made and determined on a school year basis.

(7) If the retired member is employed for a period of time which does not qualify for additional service credit, the employee contributions remitted by the retired member or by the employer on the retired member's behalf will be refunded to the retired member without interest. Employer contributions as provided by OAC 715:10-13-3 will not be refunded.

(8) The employer shall provide written notice to TRS when the retired member's employment is terminated. The retired member cannot resume benefit payments under this rule and remain employed. The retired member must complete a bona fide separation from service and comply with the ~~sixty (60)-day non-employment rule~~ six (6) month break in service requirement that applies to when a member ~~who initially retires~~ elects normal retirement. Retirement payments will be resumed effective the first of the following month, provided the necessary retirement paperwork is received within the prescribed timelines, otherwise benefits will be resumed the first of the next succeeding month. Any supplemental benefit determined pursuant to this section shall commence at the same time.

(9) If the retired member dies while engaging in half-time or more employment as provided in this section, the retired member's beneficiaries will receive any survivor benefits specified in the terms of the retirement contract elected by the member, the \$18,000 death benefit provided by OAC 715:10-9-2, if applicable, and a return of employee contributions, plus interest accumulated during the current employment, as defined in OAC 715:10-9-1. The beneficiaries of the deceased retired member will not be entitled to both the \$18,000 death benefit and the \$5,000 death benefit described in 70 O.S. §17-105(11) and (12).

(10) If a retired member does not file an election to discontinue monthly benefits while employed by the public schools of Oklahoma, he or she waives the accrual of service credit and the right to any supplemental benefit from service in the position. ~~The retired member will, however, be subject to the earnings limits outlined in 70 O.S. §17-116.10. Additionally, the employing TRS employer must remit contributions due under 70 O.S. §§ 17-108.1 and 17-116.2(B)(3) for retirees who return to post-retirement employment.~~

(11) Retired members returning to half-time or more employment under this subchapter and section shall not be considered "active members" for purposes of purchasing or transferring any form of prior service credit of whatever nature.

~~(12) A retiree having received a partial lump-sum payment, who is re-employed 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.~~

### **715:10-17-16. Post retirement employment with the State Department of Education**

A retired member of TRS who, after having met the six (6) month break in service required under 715:10-17-2, then becomes employed by the State Department of Education (SDE) for the first time on or after November 1, 2019 ("eligible employee"), shall have the option to remain a member of TRS subject to any applicable post retirement limitations placed on retired members returning to work or may choose to participate in the Oklahoma Public Employees Retirement System (OPERS) as an active member with such eligible employee's participation in OPERS being subject to the laws governing OPERS.

(1) An eligible employee shall have thirty (30) days from such eligible employee's initial date of hire with SDE to make a one-time irrevocable written election to remain a member of TRS subject to post retirement limitations or to participate in OPERS as an active member. If an eligible employee fails to make an election within the thirty-day period such eligible employee shall be subject to post retirement earnings limitations prescribed by laws governing TRS. If an eligible employee elects to participate in TRS, then SDE shall pay both the employee and employer contributions to TRS as required by law.

(2) If an eligible employee makes the election to participate in OPERS such eligible employee shall not participate in TRS as an active member nor make employee contributions to TRS. In addition, SDE shall not make employer contributions to TRS. The eligible employee and SDE shall pay the applicable contribution rates as provided by the laws governing OPERS.

(3) An eligible employee who elects to participate in OPERS shall be ineligible for participation in TRS so long as such eligible employee remains employed by SDE. If such eligible employee assumes a different position, which is governed by a state retirement system other than OPERS or TRS, the eligible employee shall be subject to the retirement system rules applicable to that new position. However, such eligible employee shall not be eligible for service credit in TRS for service performed while participating in OPERS.