



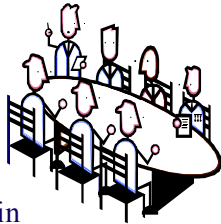
Trends

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The Newsletter of the Teachers' Retirement System of Oklahoma

New task force to study TRS benefits

The Task Force for the Study of Public Retirement Systems Benefit Design and Equity will begin meeting soon and prepare a report for the 2005 Legislature.



House Bill 2536, enacted during the 2004 Legislative Session, created the 17-member study group.

The joint task force will look at a history of benefit design and cost-of-living increases for each of the major public retirement systems, which include TRS and the retirement plans for state employees, firefighters, police officers, state law enforcement officials and judges.

The study group also will analyze how salary caps have affected benefit levels. This applies specifically to TRS, since TRS is the only public plan that still has benefit limits because of salary caps.

Other study topics include analyzing the role of dedicated taxes or other revenue sources and the adequacy of each system's funding.

Task force members include one appointment by Gov. Henry, two House of Representatives members, two state senators, directors of each of the five retirement systems and one member from each of seven organizations or associations representing retirement system members.

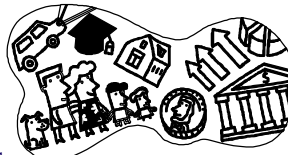
TRS benefits retirees and communities

TRS retirement benefits dramatically and positively affect Oklahoma's economy.

Since money changes hands several times, Oklahoma's communities and businesses benefit greatly from TRS benefit payments.

Ninety percent of TRS's 39,593 retirees or beneficiaries lived in Oklahoma, and received about \$567 million in TRS benefits during Fiscal Year 2004 (July 1, 2003-June 30, 2004).

During FY-2004, Oklahoma County was home to the most TRS benefit recipients, with 5,934



receiving more than \$97 million during FY-2004.

Tulsa County had 4,527 TRS benefit recipients, who received more than \$73 million during FY-2004.

Rounding out the top five counties in numbers of recipients and their total benefit payments are Cleveland County (2,115 recipients received more than \$33 million), Payne County (1,591 recipients received more than \$24 million) and Comanche County (1,142 recipients received more than \$18 million).

A list of retirees by county is on page 3

TSAs Great Way to Save



Most TRS members have two retirement plans: Teachers' Retirement and Social Security.

But, will those two checks be enough?

Tax-sheltered annuities (TSAs) provide educators a way to have an extra nest egg at retirement. TSAs are sometimes referred to as 403b annuities and are similar to 401k retirement plans in the private sector or 457 plans for state employees.

In a TSA, the employee voluntarily reduces his or her monthly salary by an amount that the employer sends to a special account designated by the member. In addition to a regular savings that builds up over time, no income tax is due on the TSA deposit until the member begins receiving payments from the account. Generally, money is withdrawn from the account after retirement when income is less, and therefore, the member's tax liability is less.

Some TSAs allow or require the member to cash in the account at retirement to purchase a monthly amount paid for life. Other TSAs, including Teachers' Retirement's, allow the member to make periodic withdrawals based on the member's needs so long as the withdrawals conform to IRS regulations.

TRS has operated a TSA plan since 1964. Most insurance companies also offer tax-sheltered plans. In the TRS plan, members make contributions and

(See TSAs on page 3)

Choices, choices: Which plan is best?



The TRS retirement plan you choose could affect you for more years than you worked, and have far-reaching implications even after you die.

Teachers' Retirement offers five regular retirement plans and a disability retirement plan. All provide lifetime benefits for members and pay a retiree's beneficiaries or estate a \$5,000 death benefit. Two plans are "Joint Survivor Annuities," and pay lifetime benefits to a member's joint annuitant after the member dies.

The Maximum plan pays you the highest monthly benefit, but carries the lowest guarantee for your beneficiary. If you die before you receive retirement benefits equal to your total contributions, the remaining balance will be paid to your beneficiary or estate.

Option 1 pays you a slightly lower monthly benefit than the Maximum plan, but can provide your beneficiary or estate a larger lump sum payment after you die. Option 1 subtracts only the annuity portion of your monthly benefit from your account, so the return of your contributions takes longer. That makes it more likely you still will have contributions in your account when you die than you would have under the Maximum Plan. Depending upon how old you are when you retire, it could take as long as 17 years for you to use up all your contributions if you retire under Option 1.

Options 2 and 3 are "Joint Survivor Annuity" plans, paying your joint annuitant a lifetime monthly benefit after you die. If you choose either of these plans, you will name one joint annuitant when you retire.

Your joint annuitant's age is one of the factors used to calculate your benefit amount. The younger your joint annuitant, the lower your monthly benefit will be.

You can never change your joint annuitant, but if he or she dies before you die, your plan will change to the Maximum plan (the "Pop-up Provision").

Option 2 pays you a reduced monthly benefit and, after you die, pays your joint annuitant a lifetime monthly benefit of the same amount you received. Your Option 2 joint annuitant does not have to be your spouse. However, if you name someone who is younger than you who is not your spouse, IRS regulations require that person to be within 10 years of your age. Your Option 2 joint annuitant cannot be your child.

Option 3 pays you a higher monthly benefit than Option 2, and after your death pays your joint annuitant, for the rest of his or her life, a monthly benefit of half the amount you received. You may name anyone, including a child, as your Option 3 joint annuitant. However, the difference between your age and that of your joint annuitant determines the reduction in your monthly benefit.

Option 4 pays you a lifetime benefit and if you die within 120 months (10 years) of retirement, pays your beneficiary the same amount for the remainder of that 10-year period. For example, if you retire under Option 4 and live for one month, your Option 4 beneficiary will receive your monthly benefit amount for nine years, 11 months. If you retire under Option 4 and live nine years, 11 months, your Option 4 beneficiary will receive your monthly benefit amount for one month. Your Option 4 beneficiary's age has no effect on the amount of your retirement benefit.

(See Retirement plans on page 4)

Disability Retirement

If you become disabled while you are an active contributing TRS member, and you have been a TRS member for at least 10 years but are not eligible for regular retirement, you may want to consider TRS's disability retirement plan.



If you are approved for Social Security disability benefits, have 10 years of Oklahoma TRS membership and the disability occurs while you are an active TRS member, you will be approved for TRS disability retirement after you apply for it.

If you are not approved for Social Security disability benefits, your application for TRS disability retirement will be reviewed by the three doctors who serve on the TRS Medical Board. They will review a statement from you, a statement from your supervisor, and a statement from your doctor. The Medical Board also can require a follow-up exam by a specialist. TRS will pay for the follow-up exam. The TRS Medical Board will recommend to the TRS Board of Trustees whether to approve or deny your application. The Board of Trustees determines whether you will be approved for disability retirement.

Qualifying to Retire

TRS offers unreduced retirement benefits and reduced retirement benefits.

Unreduced retirement benefits provide a monthly benefit based upon your final average salary and years of service. To qualify for unreduced benefits, you must be vested and either meet the Rule of 80 or Rule of 90 or be at least age 62.

If you have at least five years of Oklahoma service and do not meet the Rule of 80 or Rule of 90, but don't want

(See Qualifying for Retirement on page 3)

TRS Retirees by County

County	Recipients	Annual Payment	County	Recipients	Annual Payment
Adair	259	\$4,022,340	LeFlore	579	\$9,374,664
Alfalfa	100	1,547,700	Lincoln	325	4,687,368
Atoka	160	2,478,156	Logan	281	3,936,612
Beaver	94	1,437,996	Love	84	1,295,136
Beckham	218	3,466,860	Major	73	1,048,380
Blaine	137	2,152,104	Marshall	180	2,857,032
Bryan	614	10,135,728	Mayes	373	5,989,488
Caddo	374	5,148,300	McClain	317	4,582,128
Canadian	805	13,020,768	McCurtain	442	7,327,920
Carter	465	7,195,056	McIntosh	320	5,262,360
Cherokee	701	12,293,004	Murray	152	2,635,668
Choctaw	191	2,910,132	Muskogee	884	14,957,688
Cimarron	33	480,024	Noble	105	1,514,532
Cleveland	2,115	33,429,816	Nowata	70	1,059,048
Coal	61	880,608	Okfuskee	138	2,151,672
Comanche	1,142	18,929,400	Oklahoma	5,984	97,540,368
Cotton	67	1,041,648	Okmulgee	558	8,467,272
Craig	157	2,463,768	Osage	163	2,393,964
Creek	496	7,627,404	Ottawa	496	7,188,180
Custer	436	7,452,996	Pawnee	154	2,181,468
Delaware	242	4,053,156	Payne	1,591	24,784,656
Dewey	91	1,450,812	Pittsburg	480	7,444,116
Ellis	51	737,832	Pontotoc	575	9,284,244
Garfield	567	8,728,656	Pottawatomie	597	9,008,592
Garvin	356	5,244,492	Pushmataha	148	2,210,700
Grady	474	7,319,664	Roger Mills	67	991,488
Grant	82	1,044,252	Rogers	564	9,434,160
Greer	82	1,255,416	Seminole	283	4,276,116
Harmon	61	996,540	Sequoyah	471	7,892,628
Harper	72	1,227,744	Stephens	420	6,685,464
Haskell	168	2,630,124	Texas	173	2,713,668
Hughes	151	2,319,756	Tillman	112	1,775,112
Jackson	299	5,198,100	Tulsa	4,527	73,590,948
Jefferson	74	1,137,156	Wagoner	276	4,680,204
Johnston	194	3,270,456	Washington	498	7,234,068
Kay	511	7,750,380	Washita	135	2,118,720
Kingfisher	142	2,262,936	Woods	226	3,507,960
Kiowa	162	2,379,240	Woodward	180	2,804,568
Latimer	176	2,784,324			
			Total	35,581	\$566,793,204

Qualifying for retirement (continued from page 2)...

to wait until you are 62 to retire, you will qualify for a reduced retirement benefit when you reach age 55. Your monthly benefit amount will be reduced 6 2/3 % for each year you are under 62. If you retire with a reduced benefit, that benefit amount is locked in for life.



TRS staff also TRS members

Employees of the Teachers' Retirement System, State Department of Education, Department of Career and Technology Education, and the staff of the Boards of Regents for Higher Education all are members of the Teachers' Retirement System.

Although some believe TRS employees and other state education officials are members of the retirement system for state employees, we are TRS members and have the same level of benefits as all other education employees.

TSAs (continued from page 1)

have earnings credited each month. Each member's TSA account is maintained separately but invested in the same manner as other TRS assets. There are no front-end fees or costs to withdraw deposits. The only charges are the investment fees TRS must pay to portfolio managers, who make the day-to-day decisions when and where to invest TRS assets. This gives TRS members the opportunity to have investment performance comparable to a mutual fund at a much lower cost.

If you are interested in learning more about the TRS tax-sheltered annuity program, call the TRS Tax-Sheltered Annuity department at 521-2387 in the Oklahoma City local calling area or toll-free at 1-877-738-6365.



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Retirement plans (continued from page 2)

Your beneficiary/beneficiaries or estate will be paid the \$5,000 death benefit, no matter which retirement plan you choose.

The TRS death benefit is taxable. Your beneficiary (or beneficiaries) will decide whether to have the taxes remitted before the death benefit is paid or to receive the full amount of the benefit and pay taxes on the amount later during the tax year.

Your death benefit beneficiary can be anyone. If you retire under Option 2, 3 or 4, your death benefit beneficiary can be the same person you name to receive benefit payments after you die, but does not have to be.

You can choose more than one primary beneficiary to receive your death benefit. If you choose more than one primary beneficiary, the death benefit will be paid in equal shares to each.

As always, if you have any questions about your TRS retirement account, call TRS toll-free at 1-877-738-6365 or, if you live in the Oklahoma City local calling area, 521-2387.



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