



**OKLAHOMA**  
Teachers' Retirement System

# **MEMBER HANDBOOK**

**Describing Plan Provisions as of July 1, 2024**

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## About the Teachers' Retirement System of Oklahoma

How do I contact the Teachers' Retirement System?

**Website:** [oklahoma.gov/trs](http://oklahoma.gov/trs)  
**Hours:** 8:00 am – 5:00 pm; Monday – Friday (excluding state holidays)  
**Phone:** (405) 521-2387 or toll-free at (877) 738-6365  
**E-mail:** [mail@trs.ok.gov](mailto:mail@trs.ok.gov)  
**Mail:** Teachers' Retirement System  
P.O. Box 53524 Oklahoma City, OK 73152-3524

**Location:** 301 N.W. 63<sup>rd</sup>, Suite 500  
Oklahoma City, OK 73116

## Who's Who at the Teachers' Retirement System?

### **Board of Trustees**

Stephen Streeter, *Chair*, Tulsa

Kelsey Ardies, *Vice Chair*, Yukon

*Director of the Office of Management and Enterprise Services*

*Ryan Walters, State Superintendent of Public Instruction, Oklahoma City*

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### Administration

Sarah Green, Executive Director

Dessa Herl, Deputy Executive Director of Operations

### What is the purpose of the System?

The Teachers' Retirement System of Oklahoma (the System) is a state agency that administers retirement assets and provides income security through a monthly retirement benefit payable throughout the lifetime of each of our members. Our members are the educators and employees working in Oklahoma public education institutions and agencies. The System is committed to fulfilling the mission statement as set forth by the Board of Trustees:

#### *Mission Statement*

*We collect, protect and grow assets to provide a secure retirement income for public education employees.*

### What is the purpose of the Member Handbook?

This handbook is an important part of our commitment to provide our members with valuable information about their benefits and retirement. Do not rely solely upon this handbook to make any decision regarding your retirement. Please contact the Teachers' Retirement System of Oklahoma directly with any questions you may have about your benefits and retirement.

### What retirement plans are managed by the System?

Defined Benefit Plan: The System manages a defined benefit retirement plan. This plan is qualified under Section 401(a) of the Internal Revenue Code. Eligible retirees of the System's 401(a) plan receive a monthly benefit throughout their lifetime through a formula based on the member's years of service and final average salary. The formula gives retirees a percentage of their salary as a retirement benefit. The more years of service the member accumulates, the greater the percentage of salary the member will receive at retirement. This handbook will explain the various aspects of the System's 401(a) defined benefit plan.

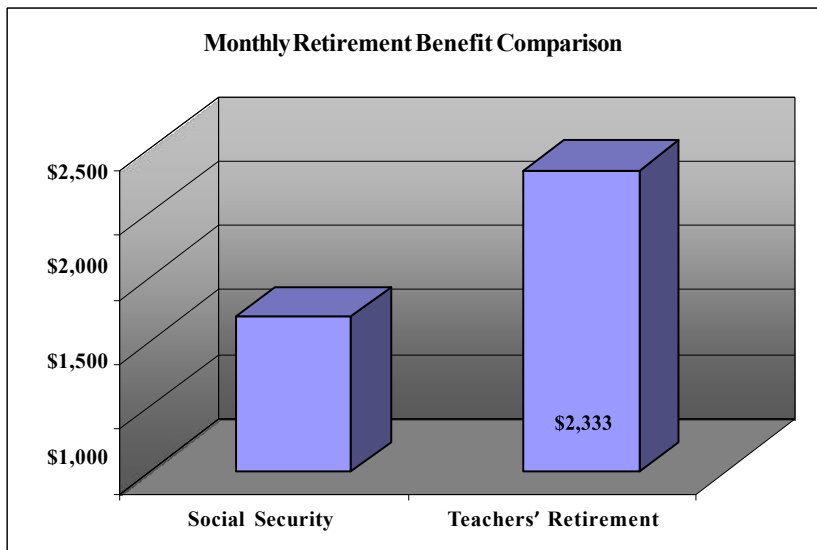
### What is the three-legged stool of retirement planning?

The concept of retirement income from three sources is often referred to as the "three-legged stool". It is comprised of the lifetime monthly retirement benefit from the System's 401(a) plan, Social Security benefits, and income from a defined contribution plan, such as a 403(b) or 457(b) plan. The components of the three-legged stool may provide retirees with a steady stream of income to replace the income earned before retirement.

## How does the Teachers' Retirement System defined benefit amount compare to other retirement benefits?

The System's 401(a) defined benefit is almost twice as much when compared to the Social Security benefit.

The example below illustrates the retirement benefits for a teacher that retires July 1, 2021, at age 62 with 35 years of service and a final average salary at retirement of \$40,000.



If this teacher were to purchase a retirement annuity at age 62 from an insurance company that provided the same Teachers' Retirement monthly benefit of \$2,333 per month for life, it could cost over \$450,000.

## Membership Provisions

### Who is eligible to participate in the 401(a) plan?

Except as provided in the Alternate Retirement Plan for Comprehensive Universities Act, all classified employees are required to be members of the System. Members who participate in another public or alternative retirement plan which will provide benefits may not receive service credit in the System for that same employment service. Additionally, all non-classified optional personnel regularly employed for more than twenty hours per week may join the System subject to certain requirements.

### How do I enroll in the 401(a) plan?

Contact your payroll officer at the school or agency and complete all necessary paperwork to ensure contributions are remitted on your behalf to the Teachers' Retirement System of Oklahoma.

### How are contributions remitted to the System?

Contributions are remitted through public education employers. If the employer does not pay the retirement contributions as a fringe benefit, then the employer must submit the remittances for employee's share through payroll deduction. The employee's contribution rate is 7% of regular annual compensation. Contributions must be remitted on the full salary earned each fiscal or contract year to receive service credit for that year. The employer must also remit the employer's share of contributions (fee paid to the general fund) for all active, contributing employees and all retirees (retired under this system) that return to employment.

### What is Regular Annual Compensation?

Regular annual compensation is the salary used for calculating the retirement benefit. Regular annual compensation is defined as salary plus employer-paid fringe benefits). Contributions must be remitted on all regular annual compensation, including compensation for additional duties and secondary employment. Contributions may not be paid on more than what is actually earned. The following shall not be included as regular annual compensation: reimbursements for travel, housing or other expense; flexible benefit allowance paid by other sources; stipends for national certification or academic achievement; and payment for unused vacation, or sick leave, or payment made for reason of termination or retirement.

### May I terminate contributions without terminating employment?

No.

### How do I request to withdraw my account?

Upon termination of employment, a member may withdraw the accumulated contributions remitted to their account. A member may request a withdrawal packet by phone or via email or MyTRS message. Completed withdrawal forms will not be accepted before member's last day on the job. The earliest payment can be made is 4 months after termination of employment with a participating employer of the System. Termination date is verified by the member's former employer(s). Pre-tax funds may be rolled over to another tax-deferred account.



After-tax funds may also be rolled over provided the financial institution's letter of acceptance specifically includes acceptance of after-tax funds. Any withdrawn funds comprising a required minimum distribution (RMD) may not be rolled over. Service withdrawn from the System may be reinstated at a later date if the member resumes Oklahoma public education employment, has established twelve calendar months of creditable Oklahoma service, and completes a redeposit of withdrawn contribution including all applicable interest.

## Retirement Eligibility

### How do I become vested in the System?

Members who join the System prior to November 1, 2017 and have accumulated a minimum of five (5) years of eligible service in the public schools of Oklahoma shall be vested in the System and considered eligible to receive a monthly retirement benefit at some future date. Members who join the System on or after November 1, 2017 will become vested when they have accumulated seven (7) years of eligible service. Contributory service, including redeposit of previously withdrawn service and service transferred from other Oklahoma public retirement systems, may count towards the years required to vest an account. Purchased service, unless it is adjunct service, may not count as vested service.

### When will I be eligible to retire?

A member may be eligible for retirement in one of three different ways: a member may choose to take an early, reduced retirement benefit, qualify for disability retirement, or qualify for a regular, unreduced retirement benefit. A member is eligible for an unreduced benefit when one of the following requirements is met:

Age 62 or Combination 80. Those who joined the System prior to 7/1/92 may retire at age 62 or when the member's age and years of creditable service total 80 points (i.e., age 60 + 20 service years = 80 points). Those who joined the System during the 1991-92 school year were required to remit contributions on their full 1991-92 salary prior to end of school year to qualify for the Combination 80. The highest three salaries are used in the calculation of the benefit (limited to salary cap elections, see page 14).

Age 62 or Combination 90. Those who joined the System on or after 7/1/92 and before 11/1/11 may retire at age 62 or when the member's age and years of creditable service total 90 points (i.e., age 55 + 35 service years = 90 points). The

highest consecutive five contributory salaries are used to calculate their benefit in the retirement formula (limited to pre 7/1/95 salary cap elections, see page 14).

Age 65 or Combination 90 at Age 60. Those who joined the System on or after 11/1/11 may retire at age 65 or when the member's age is at least 60 and years of creditable service total at least 90 points (i.e., age 60 + 30 service years = 90 points). The highest consecutive five contributory salaries are used to calculate their benefit in the retirement formula.

### When will I be eligible for early retirement?

Reduced benefits are available for members who have not reached full retirement eligibility under regular retirement. Reduction factors vary depending on age and date of membership when joining the System.

Age Reduction Factors Prior to 11/01/11	Age Reduction Factors After 10/31/11
62 -- 1.000000	65 -- 1.00
61 -- 0.917331	64 -- 0.93
60 -- .842570	63 -- 0.86
59 -- 0.774809	62 -- 0.80
58 -- 0.713266	61 -- 0.73
57 -- 0.657264	60 -- 0.65
56 -- 0.606217	
55 -- 0.559613	

NOTE: If a member terminates employment before reaching regular retirement age, the member may wait (without working) for additional birthdays to reach age of regular retirement and avoid the reduction factors used in calculating the early, reduced retirement benefit. Please do not wait beyond your regular age for retirement if you are no longer employed. It does not increase any monthly benefit you may be eligible to receive.

What if I become disabled before normal retirement age? Any member who is actively employed in the public schools of Oklahoma and is regularly contributing to the System may retire due to a medical disability which renders the member unable to perform regular employment duties provided such member:

- has at least ten (10) years of Oklahoma contributory service
- is not eligible for regular, unreduced retirement
- submits a valid, complete application for disability retirement, and either:
  - receives a Social Security Administration disability award, or
  - is found by the System's Medical Board to be medically unable to continue regular duties.

A member who has terminated employment, or is on leave-without-pay status, for reason of the disability, shall be eligible to apply for disability retirement, providing the disability existed at the time the leave-without-pay status commenced or the termination of employment from the public schools of Oklahoma occurred, and the disability was the reason for the leave status or termination of employment. If a disability retirement is approved, the monthly maximum benefit is calculated the same as regular retirement. Member may also elect to take a reduced benefit under Option 2 for their spouse to receive the 100% joint survivor benefit upon death of member. Benefit payment begins the month after the Medical Board approves member's disability application without retro-active payments.

## Retirement Benefits

### How will my monthly benefit be computed at retirement?

Benefits are calculated using a defined retirement formula:

$2\% \times (\text{service years}) \times (\text{final average salary}) \div 12 = \text{monthly benefit}$ . The 2% factor is fixed; however, benefits will vary depending on the number of service years and the final average salary.

### How are service years credited to my account?

Contributory Service is obtained by contributing the statutory percentage of regular annual compensation while employed in Oklahoma public education. This service is used to vest an account for retirement. **The member is ultimately responsible for the accuracy and completeness of the contributions submitted to the System.** If a contribution deficit is noted on the account, service credit cannot be awarded unless the deficit is paid.

Creditable Service is all service that is credited to your account, including purchased service, and sick leave credit.

Full-Time Service For service performed prior to July 1, 2013, a member employed at least 30 hours per week who earns at least \$4000/year shall

receive one year of service for each year worked (120 work days minimum). For service performed on or after July 1, 2013, full-time employment will be determined based upon the information provided by each employer certifying full-time equivalency for each position, subject to approval by the System.

Half-time Service For service performed prior to July 1, 2013, a member employed at least four (4) but less than six (6) hours per day shall be considered half-time. Half-time service shall receive one-half (1/2) year of service credit after completing six (6) months of employment in a school year. For service performed on or after July 1, 2013, half-time service will be determined based upon the information provided by each employer certifying full-time employment for each position, subject to the approval of the System.

Service Credit From July 1, 2016 through June 30, 2019. Service credit will be the result of days worked during employment year divided by the number of days the full-time equivalent would be required to work during the employment year. Fractional service credit awarded for part-time employment will be based on the number of hours the employee worked per week divided by the number of hours the full-time equivalent is required to work.

Service Credit On or After July 1, 2019. The formula used to calculate service credit will be applied in the same manner for both full-time and part-time employment. The minimum requirement for full-time employment is 6 hours per day, 30 hours per week, 8 months per year. Service credit will be reduced if the employee works less than the minimum requirement for full-time employment, or less than the full-time equivalent for the position worked. Service credit will be calculated by multiplying the full-time equivalent percentage by the employment year percentage as follows:

- (1) Full-time equivalent percentage is calculated by dividing the number of hours per week the member was employed by the number of hours per week for the full-time equivalent position.
- (2) Employment year percentage is calculated by dividing the number of days the member was employed by the number of days required for the full-time equivalent for position.

For service performed on or after July 1, 2016, service credit of less than 1.0 shall be rounded to the nearest tenths (4 hundredths and lower will round down, and 5 hundredths and higher will round up).

Combined Service – For service performed prior to July 1, 2013, fractions of school terms performed as an active, contributing member in different school years, may be combined to make a total of 6 full months to receive one year of

creditable service. However, service in one school year may not be divided up into fractional parts and combined in different service years to gain additional years of service. A partial year of service may also be combined with unused sick leave credit until the combined total is 120 days for an additional year of credit. 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.

Sick Leave Credit is service credit for documented unused sick leave accrued while working in Oklahoma public education. A total of 120 days of unused sick leave may count as one year of service credit. As of August 1, 2012, if a member has less than 120 days of unused sick leave, 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. Sick leave in excess of 120 days will not be recognized. The following restrictions apply to sick leave for service credit: donated leave, sick leave that accrued during non-creditable service, or sick leave accrual in excess of 15 days per year will not count toward sick leave credit. Sick leave must be verified by employer at retirement or termination of employment. When sick leave cannot be verified because records are not available at the employing school(s), an average of sick leave used during the last 10 years of employment may be used to determine sick leave credit for the years documentation is not available..

Purchased Service is subject to verification and documentation before a billing statement is prepared, including:

- Substitute service (120-day minimum in same school year)
- Higher-Education adjunct service (18 or more credit hours in same school year)
- Military service (180-day minimum in same fiscal year)
- Out-of-state service (6 months of full-time employment in same school year)
- Prior Oklahoma service (non-contributory service).
- Optional service performed prior to July 1, 2021, provided the member has not previously withdrawn such service or ceased making contributions to TRS while continuing working during the time period of such service.
- Service accrual during leave--various time limits may apply; notify Teachers' Retirement of intent to purchase and make payment to receive proper credit for leave taken under Workers' Compensation guidelines, when called into active, military duty (under USERRA), due to

family leave (during child's first year of life), or due to official sabbatical from an Oklahoma school (requires employer to remit contributions for full-time pay, commensurate with prior year, while member receives one-half pay during leave).

### How is my Final Average Salary (FAS) calculated?

Regular Annual Compensation. Regular annual compensation is the salary used for calculating the retirement benefit. Review page 8 of this handbook for more details about the salary used in the calculation of the retirement benefit and what is not.

Membership Date: Combination 80 members (joined prior to 7/1/92) use their highest three salaries in the average salary calculation. Combination 90 and Combination 90/Minimum Age 60 members use their highest consecutive five salaries in the average salary calculation.

Employer: Salaries for employees in elementary & secondary schools, career technology centers, two-year colleges, and state education agencies may be calculated in a different way than the salaries of employees who work at regional (4-year) or comprehensive universities (OU/OSU) due to application of salary caps and/or ability to participate in the Education Employees Service Incentive Program (EESIP).

Salary Cap Elections: Salaries are calculated based on the highest salaries; however, if the highest salaries exceed the salary cap elections or limits in place prior to 7/01/1995, then a multi- tiered calculation will result.

### How are salary caps applied in the benefit calculation?

Prior to July 1, 1995, all contributions were limited to salary caps. Options were given to remit on low base or high base:

- \$7,800 low base vs. \$10,000 high base (pre- 7/79),
- \$25,000 low base vs.\$40,000 high base (7/87 – 6/95),
- Salaries after 7/1/95 are uncapped for all members, except OU & OSU employees who may have a cap until 7/1/07.

The following examples illustrate the difference that the salary cap makes in the retirement benefit calculation for a member that joined the system on 7/01/1974. Both examples also assume:

Retirement Date: 7/01/04 (with 30 years of service)

Employer –K-12 School or Technology Center

High 3 Salary Average – \$65,000

Example 1: Low-Base Final Average Salary Calculation Contributions stopped at a low-based salary cap prior to 7/1/95, salary caps remain when the FAS is calculated at retirement.

		<u>Service Years x 2% x Salary ÷ 12 = Monthly Benefit</u>			
7/74- 6/79	5	x	2%	x \$ 7,800	÷ 12 = \$65.00
7/79- 6/95	16	x	2%	x \$25,000	÷ 12 = \$666.67
7/95- 6/04	9	x	2%	x \$65,000	÷ 12 = \$975.00
<b>TOTALS</b>		<b>30</b>	<b>x</b>	<b>2%</b> <b>x \$34,133</b>	<b>÷ 12 = \$1,706.65</b>

Example 2: High-Base Final Average Salary Calculation Member paid on their full salary (up to maximum cap limit), so benefits are based on the highest cap for years prior to 7/1/95.

		<u>Service Years x 2% x Salary ÷ 12 = Monthly Benefit</u>			
7/74- 6/95	21	x	2%	x \$40,000	÷ 12 = \$1400.00
7/95- 6/04	9	x	2%	x \$65,000	÷ 12 = \$975.00
<b>TOTALS</b>		<b>30</b>	<b>x</b>	<b>2%</b> <b>x \$47,500</b>	<b>÷ 12 = \$2,375.00</b>

### How does EESIP remove the salary caps?

The Education Employees Service Incentive Plan (EESIP) provides an incentive to continue service beyond regular retirement eligibility. To participate in the EESIP plan, member must be on the high base cap at \$40,000. Members who elected to contribute on the low base cap of \$25,000 may change their election prior to retirement subject to TRS rules in order to qualify for participation in EESIP. EESIP provides an opportunity to wear away the salary cap by moving two years of service from the \$40,000 salary cap tier to the uncapped salary cap tier for each year worked in common education or career technology district beyond July 1st of the school year that regular retirement eligibility is met. Years moved on the 2- for-1 EESIP plan increases the number of uncapped years used in the calculation of the Final Average Salary.

Example 3: Same member in Example 2, but this time member worked five years beyond combination 80.

Service	Years x 2% x Salary ÷ 12 = Monthly Benefit				
7/74- 6/79	11	x	2%	x	\$40,000 ÷ 12 = \$733.33
7/79- 6/95	10	x	2%	x	\$65,000 ÷ 12 = \$1083.33
7/95- 6/04	14	x	2%	x	\$65,000 ÷ 12 = \$1516.67
<b>TOTALS</b>	<b>35</b>	<b>x</b>	<b>2%</b>	<b>x</b>	<b>\$57,143 ÷ 12 = \$3,333.33</b>

Qualifiers for EESIP include:

- Actively contributing under a participating employer (elementary and secondary schools, career tech centers, two- year colleges, and state education agencies).
- Member must work in common education or career technology district for at least one year past the year regular retirement eligibility is reached.
- Member’s uncapped average salary tier exceeds \$40,000.
- Member’s contributions prior to 7/1/1995 were remitted on maximum compensation level (full salary up to \$40,000).
- Member pays the contribution deficit on years between 1987-88 through 1994-95 where the salary exceeded \$40,000 (high base cap). No balance is due on service years where the salary was less than \$40,000 or if the years (beginning with FY95 and move backward) are not counted in the uncapped range.

[Why would I receive a billing statement?](#)

Member may request a billing statement to increase either years of service or the final average salary used in retirement. Members may request a retirement benefit estimate with and without payment of the billing statement to determine if the increase in retirement benefit would make the payment worthwhile. Billing statements are based on the due date of the bill. Delayed payment may result in a higher cost if paid later than the billing due date.

[What methods are used to pay billing statements?](#)

Billing statements to **purchase service** generally must be requested as an active, contributing member or within sixty (60) days of termination of



employment<sup>1</sup>. Billing statements for **redeposits** must be requested and paid as an active contributing member. Unpaid balances for redeposits cannot be paid after termination of employment or death. Billing statements for **correcting contribution deficits** do not have to be requested or paid as an active contributing member. All billing statements must be paid ninety (90) days prior to filing for retirement. Credit for service or salary is adjusted when final payment is received. Payments may be paid with a personal check, a cashiers' check, rollover payment from another qualified retirement plan, and/or paid in installment payments through your employer(when applicable). Contact us for proper forms to submit with payment.

## Retirement Plan Options

### What are the five retirement plans?

All retirement plan options with the 401(a) plan provide a lifetime benefit to member in addition to a \$5,000 death benefit paid to the surviving beneficiary(ies). Members with 30 years of service may also elect to receive a Partial Lump Sum Option (PLSO).

#### Maximum Option

- Largest retirement benefit. 100% of the retirement formula.
- Member account balance is depleted by lump sum amount if PLSO elected, then depleted monthly by the gross retirement benefit.
- Without PLSO, the member account balance may last 2-3 years.
- The monthly retirement benefit will cease at death, and any remaining member account balance will be paid to the beneficiary(ies).
- Should the member wish to do so, the beneficiary(ies) listed under this option may be changed after 60 days have passed from the retirement date.

#### Option 1

- Monthly benefit is slightly less than maximum option.
- Member account balance is depleted by lump sum amount if PLSO is elected, then depleted more slowly by an annuity amount.
- Without PLSO or EESIP, the member account may last 11+ years.
- The monthly retirement benefit will cease at death, and any remaining member account balance will be paid to the beneficiary(ies).

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<sup>1</sup> Purchasing service for sabbatical leave is governed specifically by OAC 715:10-5-3. Sabbatical leave must be purchased at the time of the sabbatical leave and cannot be purchased at any later dates.

- Should the member wish to do so, the beneficiary(ies) listed under this option may be changed after 60 days have passed from the retirement date.

#### Option 2 (100% joint survivorship for sole annuitant)

- The least monthly benefit for the member and greatest benefit to the joint annuitant (the younger the annuitant, the lesser the monthly retirement benefit).
- Joint annuitant may be the member's spouse or someone else not more than 10 years younger than member. (Reduction based on annuitant's age in relation to member's age). The joint annuitant may also be the beneficiary of a Discretionary and Special Needs Trust as provided in 70 O.S. § 17-105(g).
- Joint annuitant will continue to receive the same lifetime benefit (100% joint survivorship) upon death of member.
- Joint annuitant is designated at retirement and cannot be changed, but a different person may be named to receive the \$5000 survivor benefit. If the annuitant predeceases the member, the member's retirement benefit will "pop up" (increase) to the Maximum Option. A new beneficiary (but not a new annuitant) may be named to receive any balance of member's account and survivor benefit upon member's death.

#### Option 3 (50% joint survivorship for sole annuitant)

- Monthly benefit is not reduced as much as it is for Option 2.
- Joint annuitant can usually be anyone; however, the younger the annuitant, the lesser the member's monthly benefit. The joint annuitant may also be the beneficiary of a Discretionary and Special Needs Trust as provided in 70 O.S. § 17-105(g).
- Joint annuitant will continue to receive one half (50%) of the monthly retirement benefit for the rest of joint annuitant's life upon death of the member.
- Joint annuitant is designated at retirement and cannot be changed but a different person may be named to receive the \$5000 survivor benefit. However, if the annuitant predeceases the member, the member's retirement benefit will "pop up" (increase) to the Maximum Option. A new beneficiary (but not a new annuitant) may be named to receive the balance of member's account and survivor benefit upon member's death.

#### Option 4

- Monthly benefit for member is less than amount under the Option 1 plan.
- If the member dies within 120 months of their retirement date, the beneficiary(ies) continues to receive the member's monthly benefit until the 120th monthly retirement benefit has been paid. If the member receives all 120 payments, then the beneficiary(ies) will not receive the member's monthly benefit.
- Should the member wish to do so, the beneficiary(ies) listed under this option may be changed after 60 days have passed from the retirement date.

### What is the Partial Lump Sum Option (PLSO)?

Members with 30 or more years of service credit are presented with an option to receive a portion of their retirement benefit in a lump sum payment at the beginning of their retirement (partial lump sum option or PLSO) in addition to a reduced monthly benefit, or members may choose to take their unreduced retirement in monthly payments with no PLSO. The PLSO is a one-time, lump-sum payment equivalent to 12, 24, or 36 months of the maximum monthly

benefit and results in a reduced lifetime monthly benefit. The reduction percentage depends on the age of the member and the lump sum election. For example, a member that retires at age 62 will receive a reduced monthly benefit at approximately 90% with a 12-month lump sum; approximately 80% with a 24-month lump sum; and approximately 70% with a 36-month lump sum. The reduction percentage will apply to all future cost of living adjustments. Once retired, members may not change the option.

With required forms, the PLSO will be issued within 90 days of the member receiving their first retirement check. For those who elect the PLSO, the lump sum is paid from the member's account balance first, reducing the member account balance that may be remaining for a beneficiary. If a member elects the PLSO and Option 1 retirement plan the member account balance will be reduced more rapidly, if not entirely, upon retirement.

If a PLSO is elected, an application form and special tax notice will be sent for completion. Member should consult with a tax accountant or financial advisor before retirement. Taxes (and possibly penalties) may greatly diminish the net amount paid for selecting the lump sum option. Members may roll-over the PLSO amount to another qualified retirement plan.

<b>Member Age</b>	<b>Factor for PLSO</b>	<b>12x Factor for PLSO</b>	<b>24xFactor for PLSO</b>	<b>36x</b>
46	0.916514		0.833028	0.749541

47	0.916044	0.832087	0.748131
48	0.915534	0.831069	0.746603
49	0.914982	0.829965	0.744947
50	0.914384	0.828768	0.743152
51	0.913735	0.827470	0.741206
52	0.913036	0.826072	0.739108
53	0.912279	0.824558	0.736837
54	0.911461	0.822921	0.734382
55	0.910576	0.821152	0.731728
56	0.909626	0.819251	0.728877
57	0.908610	0.817219	0.725829
58	0.907518	0.815035	0.722553
59	0.906342	0.812685	0.719027
60	0.905076	0.810153	0.715229
61	0.903715	0.807431	0.711146
62	0.902260	0.804520	0.706779
63	0.900701	0.801402	0.702103
64	0.899041	0.798082	0.697123
65	0.897260	0.794520	0.691780
66	0.895350	0.790700	0.686050
67	0.893314	0.786627	0.679941
68	0.891121	0.782242	0.673364
69	0.888744	0.777489	0.666233
70	0.886172	0.772344	0.658516
71	0.883398	0.766796	0.650194
72	0.880376	0.760752	0.641128
73	0.877100	0.754201	0.631301
74	0.873527	0.747053	0.620580
75	0.869640	0.739280	0.608921
76	0.865398	0.730796	0.596194
77	0.860753	0.721507	0.582260
78	0.855721	0.711442	0.567164
79	0.850230	0.700460	0.550691
80	0.844236	0.688473	0.532709
81	0.837691	0.675382	0.513072
82	0.830574	0.661148	0.491722
83	0.822847	0.645694	0.468540
84	0.814372	0.628744	0.443116

## Retirement Process

### How do I plan for retirement?

Members must first submit a Pre-Retirement Information Verification form (PIV) to receive an estimate or a projection of benefits for their retirement account through their MyTRS account ([myotrs.trs.ok.gov](http://myotrs.trs.ok.gov)) or by contacting us by phone, e-mail, or written correspondence. The most accurate estimates are the ones requested 6-9 months prior to retirement.

The PIV form will require the following information:

Contact information includes name, current address, current daytime phone number, and the last four digits of the Social Security number or the Q number (member identification number). Please do not include the Social Security number in e-mail messages as these are not secure.

Date of retirement is the first day of the retirement month, even if member works through the 10th of the same month. If a 9- or 10-month employee (i.e., teacher, bus driver) completes last day of work on or before June 10, the date of retirement will be June 1. This member may draw both retirement and paycheck (for prior service) through the summer. If an 11- or 12-month employee's last day of work is June 11, the retirement date will be July 1.

Joint annuitant's date of birth is used to calculate benefits in the event member opts for an annuitant to continue receiving a lifetime benefit after death of member (joint annuitant under Option 2 or Option 3). The younger the annuitant selected, the greater the reduction of benefit for the member. Under Option 2, the annuitant may not be more than 10 years younger than member, unless it is the member's spouse. Joint annuitants who are the beneficiary of a Discretionary and Special Needs Trust as provided in 70 O.S. § 17-105(g) can be more than 10 years younger than the member under Option 2.

Unused sick leave days may be combined with a partial year worked to obtain a year of credit if the combined total is 120 days or more, or 120 days of unused sick leave may stand alone as one year of credit. If a member has less than 120 days of unused sick leave and no partial year, additional service credit will be awarded and will equal the number of unused sick leave days divided by 120 days. Sick leave may not be split apart or combined with more than one year. If member reports 120 days of unused sick leave and completes the final contract year, then a partial year of 90 days or more earned prior to July 1, 2013, will round up as an additional year of credit.

[May I request more than one hypothetical estimate for comparison?](#)

Yes. Members may request more than one estimate at a time in order to make decisions or comparisons between choices. It is recommended that no more than two estimates be requested at a time. To make comparisons when deciding to buy service or to pay a billing statement, member may request an estimate with and without payment or purchase. To decide whether to work another year or to retire this year, member may request estimates for two different retirement dates. Member may need to request additional estimates at a later date.

After receiving a retirement estimate, please feel free to contact us for an explanation or clarification. Additional estimates may be requested as needed.

### What is in the estimate packet?

Cover Letter lists the documents within the estimate packet and the order of steps for submitting the retirement estimate election.

Application to Retire outlines retirement date, service years, and monthly benefits for five plan options. Hypothetical estimates are distributed unless the member wishes to retire within the next 12 months. An Application to Retire will be issued if the member requests a retirement date within 12 months of the date of request.

Explanation of the Five Retirement Plan Options describes how member's account balance is distributed to beneficiary(ies).

Projection provides a comparison of benefits for different years of retirement if member may be eligible for EESIP. Please sign up for access to your MyTRS account ([myotrs.trs.ok.gov](http://myotrs.trs.ok.gov)) where you can receive a projection of benefits at any time.

A Partial Lump Sum Option Statement (PLSO) is provided if a member has 30 or more years of service credited to the account. It will outline the five different plan option benefits into four columns of choices for lump sum options. The amount of PLSO is deducted from member account balance. The PLSO amount may exceed the amount of employee contributions in the member account.

### How do I begin my retirement?

1. We must have a completed Pre-retirement Information Verification (PIV) form on file to issue an Application to Retire packet. The packet contains strict timelines to return required documentation.
2. Review the options for retirement and indicate the plan option at the bottom of the Application to Retire form. If the member had 30 or more years of service, the PLSO form indicating choice of lump sum option must also be completed and signed by both member & member's spouse (if married).
3. Mail the completed Application to Retire, and the PLSO Election (if applicable) back to Teachers' Retirement according to the timeline presented in the packet.
4. Once the Application to Retire is received by the System, the retirement contract packet will be mailed to members. The packet will contain

forms for direct deposit and tax withholding in addition to the retirement contract.

5. The signed and notarized contract must be submitted no later than the first day of the month before the retirement month (i.e. a June 1 retirement contract is due no later than May 1). No grace period is given for weekends or holidays. Contracts returned after the due date will postpone the retirement date.
6. Contract changes for plan Options 1-4 (with same retirement date and beneficiary), must occur within 60 days of effective date of retirement. Single members, who marry after date of retirement, and with documentation of good health, may change their Maximum contract to Option 2 or 3 within one year of date of marriage. All changes must be submitted in writing and delivered to the System or postmarked within the specified dates.

## Post Retirement

### How do retirees receive monthly payments?

Effective January 1, 2000, newly retired members are required to receive monthly benefit payments via electronic fund transfers to a banking or financial institution. The retiree must complete a direct deposit form provided by the System.

The monthly benefits and withholdings are paid in arrears (i.e., July 1 payment pays for June retirement and June health insurance). Monthly benefit payments are paid the first day of each month to all eligible retirees; however, electronic transfer may take place early (the last day of the previous month) if the 1<sup>st</sup> of the month falls on a weekend or a holiday.

Members should promptly notify the System of any changes that affect their retirement accounts. Changes in address, tax withholding, or direct deposit must be provided in writing and signed by members. For quicker access, changes in address or tax withholding can be made by logging into your MyTRS account ([myotrs.trs.ok.gov](http://myotrs.trs.ok.gov)). If received by the System on or before the 15th of the month, valid changes will be processed and reflected in the next month's payment. Every effort is made to submit change requests for the following month's benefit payment when submitted prior to the 15th. The Change of Address and Tax Withholding forms are available online for our member's convenience. You must contact the System to receive a Authorization for Direct Deposit change form.

### Is there a health insurance supplement available?

Members who retire or terminate employment with at least ten years of creditable service may be eligible to continue the insurance provided by their employer. If the same insurance is continued into retirement, the System will pay a supplement of \$100 - \$105 (depending on length of service and final average salary at retirement) toward the members' health insurance premiums. This supplement will be suspended if retirement insurance is suspended or stopped if retirement insurance stops.

For information about your health and life insurance coverage, contact your employer or your insurance company for proper forms and instructions. Timely paperwork will allow a smooth transition from active insurance to retired insurance. Charges for retiree insurance should begin when active insurance is no longer provided through members' employer. The System pays the retirement benefit in arrears; therefore, the System also pays the health insurance supplement in arrears (i.e., the September 1 retirement check pays the August retirement benefit and insurance supplement).

### Post-retirement employment: What if I return to work?

Other than disability retirement, there are no restrictions on post-retirement employment with an agency or institution that does not participate in the Teachers' Retirement System of Oklahoma. However, restrictions do apply to retirees who return to work within 36 months of retirement for an employer that participates in the System. Employers must remit contributions for both the employer's and the employee's share on retirees, but these contributions are not credited to any retiree's account. Retirees must adhere to the following restrictions or forfeit benefits received during their post-retirement employment:

60-day break between retirement and employment. 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 or retirement date, whichever is later, and post-retirement employment. Employment during the 60-day break will cause the forfeiture of all retirement benefits received during this period. This includes employment on a volunteer basis.

Post-Retirement Earnings Limits. – Retirees who return to work in public education within 36 months of retirement are restricted to the following calendar year (Jan-Dec) earnings limits:



- Retirees under age 62 and retired fewer than 36 months may earn the lesser of one-half of the final average salary used in calculating their retirement or the earnings limit allowed by the social security administration for those younger than full retirement age.
- Retirees aged 62 and older and retired fewer than 36 months may earn the lesser of \$30,000 or one-half the final average salary used in calculating their retirement.

Post-Retirement Earnings Limit May Be Pro-rated in the First Year. Since post-retirement earnings limits are based on a calendar year (Jan-Dec), earnings limits in the first year of retirement are prorated when the return to employment occurs before the end of the year. Earnings limits for the second, third, and/or final year are not pro-rated and can be reached at any point in the calendar year.

Returning to Active, Contributing Status. To add service credits and increase retirement benefit, a retiree may elect to suspend their retirement and return to active, contributing status. The retiree must notify the System of their intent to suspend retirement benefits until employment is terminated for the second retirement. Contributions to the member's account continue in the same manner as other active contributing members.

Reinstating Retirement Status. Upon termination of employment, the previous monthly retirement will be reinstated, and a supplemental benefit will be calculated to include credit for any additional qualifying service. The original retirement contract option elected applies, and the reduction percentage used on the original retirement (due to early retirement election, PLSO election, and/or other retirement options) will be applied to the supplemental amount as well.

Supplemental Retirement Benefit. The supplemental benefit is calculated based on the same retirement formula for the additional years: Extra years x 2% x FAS. However, if the more recent salary(ies) exceed the FAS used in the original retirement, then the higher salary(ies) earned in supplemental service years will be used to calculate the additional benefit on the supplemental years worked. Supplemental service years do not qualify for the incentive offered through the EESIP or for an additional lump sum distribution through the PLSO election.

## Survivor Benefits

### What survivor benefits are available?

A survivor's benefit of \$18,000 (for an in-service member) or \$5,000 (for a retired member) is provided, at no cost to the member, and it is paid to the beneficiary(ies) in addition to any applicable member's account balance. The member may submit separate beneficiary forms for the member's account balance and survivor's benefit amount. Beneficiary forms must be signed by the member and received by and on file with the System prior to the death of the member. You may download these forms from our website.

Death of in-service members. A survivor's benefit of \$18,000 shall be paid in a lump sum to the designated beneficiary(ies) along with the member's account balance and applicable interest. Beneficiaries receiving the lump sum payment may also disclaim all or a portion of the survivor's benefit to a licensed funeral home, so long as disclaimer occurs no more than 9 months after the member's date of death. A valid qualified disclaimer to a funeral home will transfer the tax liability for the survivor's benefit to the funeral home.

If the member qualified for retirement at the time of death, had ten (10) years or more of creditable service, and the member listed only one (1) primary beneficiary (such as spouse) for both the account balance *and* the \$18,000 survivor benefit, the sole primary beneficiary (if not divorced from the member after date of signed beneficiary designation) may elect to forego the \$18,000 lump sum survivor benefit and the member's account balance plus accrued interest to retire as the annuitant under the Option 2 retirement plan and receive a lifetime monthly benefit.

Death of inactive members. The designated beneficiary(ies) of an inactive member is entitled to receive the members' account balance of contributions and applicable interest, but not the survivor's benefit.

Death of retired members. A survivor's benefit of \$5,000 shall be paid to the designated beneficiary(ies), and other monthly payments may be made consistent with the provisions of the members' retirement option. Retirees may name a different beneficiary for the \$5,000 survivor benefit than is named for the retirement plan. Beneficiaries may also disclaim all or a portion of the survivor's benefit to a licensed funeral home, so long as disclaimer occurs no more than 9 months after the member's date of death. A valid qualified disclaimer to a funeral home will transfer the tax liability for the survivor's benefit to the funeral home.

### Is the survivor benefit taxable income?

The survivor benefit of \$18,000 for an in-service member or the survivor benefit of \$5,000 for a retired member is taxable income to the beneficiary; therefore, a 1099R form will be provided for tax purposes. A funeral home may be designated as the beneficiary so that family members are not taxed on this benefit. The funeral home designation is applicable only for the survivor benefit portion (labeled as "Death Benefit" on the TRS Form 2A for active members and Form 2R for retired members) and not for the full member account balance.

### Who can I designate as my beneficiary?

Members can designate an individual, trust, funeral home, charity, etc. to receive their survivor benefit and/or their member account balance. This includes designating a minor. However, members may want to thoughtfully consider this, as the System must have specific court documents to pay a minor.

### Annuitant vs. Beneficiary: What's the difference?

Upon death of a member, an annuitant will continue to receive a monthly benefit for the remainder of the annuitant's life, whereas a beneficiary will receive a payout for a limited dollar amount. An annuitant (only one person) is designated by a member at retirement on the retirement contract under retirement plan Option 2 (for 100% joint annuity) or Option 3 (for 50% joint annuity). Once retired, the annuitant cannot be changed. In the case of a divorce between the retiree and annuitant, the retirement contract remains in effect and the annuitant (ex-spouse) will receive the member's monthly benefit after the member's death unless a Court enters a Qualified Domestic Relations Order directing otherwise. A new or secondary annuitant may not be named to continue receiving the lifetime benefit. If the named annuitant dies before the member, the member's monthly benefit will "pop up" or revert to the maximum retirement plan for the remainder of the member's life. If the annuitant dies after the member but before the member's account balance is depleted, then a beneficiary or the estate will be awarded the balance of the member's account.