

STATE OF OKLAHOMA

1st Session of the 56th Legislature (2017)

HOUSE BILL 1238

By: Hardin

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-116.10, as amended by Section 4, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2016, Section 17-116.10), which relates to postretirement earnings limitations; eliminating said limitations; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-116.10, as amended by Section 4, Chapter 101, O.S.L. 2013 (70 O.S. Supp. 2016, Section 17-116.10), is amended to read as follows:

Section 17-116.10 A. Subject to the requirements of Section 6-101.2 of this title and any other applicable requirements of law, a member may enter into post-retirement employment with a public school of Oklahoma and still receive monthly retirement benefits ~~subject to the following limitations:~~

~~1.—A,~~ except that 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-

1 retirement public-education employment and any post-retirement
2 public-education employment. For purposes of this section, the term
3 "last day of pre-retirement employment" shall mean the last day the
4 employee is required to be physically present on the job to complete
5 the terms of the employment contract or agreement. Employment under
6 any conditions during this time, volunteer services for the purpose
7 of obtaining a paid position at a later date, or payment at a later
8 time for services performed during this time period shall cause the
9 forfeiture of all retirement benefits received during the period~~7~~.

10 ~~2. Unless otherwise provided in paragraph 3 of this subsection,~~
11 ~~earnings from the public schools may not exceed one half (1/2) of~~
12 ~~the member's final average salary used in computing retirement~~
13 ~~benefits, or the Earnings Limitation for employees allowed by the~~
14 ~~Social Security Administration, whichever is less. For retired~~
15 ~~members under the age of sixty-two (62) years, the limit on allowed~~
16 ~~earnings from the public schools of Oklahoma for employment for the~~
17 ~~performance of duties ordinarily performed by classified or~~
18 ~~nonclassified personnel shall be the lesser of Fifteen Thousand~~
19 ~~Dollars (\$15,000.00) or one half (1/2) of the member's final average~~
20 ~~salary used in computing retirement benefits unless the earnings~~
21 ~~limitation allowed by the Social Security Administration would be~~
22 ~~greater than Fifteen Thousand Dollars (\$15,000.00). For retired~~
23 ~~members sixty-two (62) years of age or older the limit on allowed~~
24 ~~earnings from the public schools of Oklahoma for the performance of~~

~~duties ordinarily performed by classified or nonclassified personnel 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. For purposes of this paragraph, the following shall apply:~~

- ~~a. earnings shall mean "regular annual compensation" as defined in paragraph (25) of Section 17-101 of this title, and 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 pursuant to subsection 9 of Section 17-105 of this title or other state law shall not be considered as earnings,~~
- ~~b. the Earnings Limitation for employees allowed by the Social Security Administration to workers between the age of sixty-two (62) years and sixty-five (65) years shall apply to retired members below the age of sixty-two (62) years,~~
- ~~c. the limit on allowed earnings from the public schools shall be automatically adjusted effective the first day of January of each year to reflect the current Earnings Limitation for employees as determined from time to time by the Social Security Administration,~~

- d. ~~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,~~
- e. ~~earnings in excess of the maximum limit on allowed earnings from public schools of Oklahoma shall result in a loss of future retirement benefits for the year the post-retirement employment was performed of One Dollar (\$1.00) for each One Dollar (\$1.00) earned over the maximum allowed earnings amount,~~
- f. ~~for those members age seventy (70) years and over, the earnings in excess of the maximum limit allowed earnings from public schools of Oklahoma shall be one-half (1/2) the member's final average salary used in computing retirement benefits. However, any retired member receiving benefits from the Retirement System who reached age seventy (70) years prior to July 1, 1991, shall not be restricted by the earnings limits pursuant to this subparagraph until January 1, 1994. To qualify for the provisions of this subparagraph, the member must be employed less than one-half (1/2) time compared to other full-time employees in similar positions;~~

1 ~~3. Notwithstanding paragraph 2 of this subsection, a retired~~
2 ~~classified or nonclassified member who has been retired for thirty-~~
3 ~~six (36) or more months and who is employed by a public school to~~
4 ~~perform duties ordinarily performed by classified or nonclassified~~
5 ~~personnel shall be able to receive annualized earnings from the~~
6 ~~public school with no reduction in retirement benefits regardless of~~
7 ~~the amount of annualized earnings; and~~

8 4. A member shall be considered to be employed by a school
9 district to perform the duties ordinarily performed by classified or
10 nonclassified personnel if the member is hired by the school
11 district in the member's individual capacity to perform the duties
12 or if the member performs the duties through employment with a
13 proprietorship, partnership, corporation, limited liability company
14 or partnership, or any other business structure that has agreed or
15 contracted to provide the services to the school district.

16 B. A public school district that employs a retired member shall
17 be required to make contributions to the System for the retired
18 member in an amount as required in Section 17-108.1 and in paragraph
19 3 of subsection B of Section 17-116.2 of this title.

20 C. For purposes of this section, post-retirement employment of
21 less than one thousand (1,000) hours per year with the Governor, the
22 State Senate, the House of Representatives or the Legislative
23 Service Bureau shall not be considered as post-retirement employment
24 with a public school of Oklahoma.

1 D. The Board of Trustees of the Teachers' Retirement System of
2 Oklahoma shall promulgate such rules as are necessary to implement
3 the provisions of this section.

4 E. A member who has entered into post-retirement employment
5 with a participating employer of the Teachers' Retirement System of
6 Oklahoma must fully comply with all the provisions of the rules
7 promulgated by the Board of Trustees pursuant to this section in
8 order to continue receiving his or her monthly retirement benefit.

9 SECTION 2. This act shall become effective July 1, 2017.

10 SECTION 3. It being immediately necessary for the preservation
11 of the public peace, health and safety, an emergency is hereby
12 declared to exist, by reason whereof this act shall take effect and
13 be in full force from and after its passage and approval.

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15 56-1-5084 JM 12/01/16
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January 16, 2017

Representative Tommy Hardin
Room 336

Re: RBH No. 5084

RBH No. 5084 would allow a retired Oklahoma Teachers Retirement System participant to return to employment with a covered employer to continue receiving OTRS benefit with no limitations on post retirement earnings.

RBH No. 5084 is a retirement bill having a fiscal impact as defined by the Oklahoma Pension Legislation Analysis Act. The bill would increase earlier retirements and increase the accrued actuarial liability to the system.

I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Thomas E. Cummins

Thomas E. Cummins, MAAA