

STATE OF OKLAHOMA

2nd Session of the 56th Legislature (2018)

HOUSE BILL 2628

By: Cannaday

AS INTRODUCED

An Act relating to the Teachers' Retirement System of Oklahoma; amending 70 O.S. 2011, Section 17-116.10, as last amended by Section 2, Chapter 270, O.S.L. 2017 (70 O.S. Supp. 2017, Section 17-116.10), which relates to postretirement earnings limitations; modifying provisions related to effect of paid leave; modifying provisions related to postretirement employment of certain retired members; and providing an effective date.

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

SECTION 1. AMENDATORY 70 O.S. 2011, Section 17-116.10, as last amended by Section 2, Chapter 270, O.S.L. 2017 (70 O.S. Supp. 2017, 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 postretirement employment with a public school of Oklahoma and still receive monthly retirement benefits subject to the following limitations:

1. A retired member is not eligible to be employed by the public schools of Oklahoma, in any capacity, for sixty (60) calendar

1 days between the retiree's last day of preretirement public
2 education employment and any postretirement public education
3 employment. For purposes of this section, the term "last day of
4 preretirement employment" shall mean the last day the employee is
5 required to be physically present on the job to complete the terms
6 of the employment contract or agreement. ~~An employee on paid leave~~
7 ~~is still considered to be employed for purposes of this section.~~
8 Employment under any conditions during this time, volunteer services
9 for the purpose of obtaining a paid position at a later date, or
10 payment at a later time for services performed during this time
11 period shall cause the forfeiture of all retirement benefits
12 received during the period;

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

- 1 day of January of each year to reflect the current
2 Earnings Limitation for employees as determined from
3 time to time by the Social Security Administration,
4 d. the earnings limit for the calendar year in which a
5 member retires shall be one-twelfth (1/12) of the
6 annual limit multiplied by the number of months the
7 member is eligible to work and receive payments from
8 the public schools of Oklahoma,
9 e. earnings in excess of the maximum limit on allowed
10 earnings from public schools of Oklahoma shall result
11 in a loss of future retirement benefits for the year
12 the postretirement employment was performed of One
13 Dollar (\$1.00) for each One Dollar (\$1.00) earned over
14 the maximum allowed earnings amount,
15 f. for those members age seventy (70) years and over, the
16 earnings in excess of the maximum limit allowed
17 earnings from public schools of Oklahoma shall be one-
18 half (1/2) the member's final average salary used in
19 computing retirement benefits. However, any retired
20 member receiving benefits from the Retirement System
21 who reached age seventy (70) years prior to July 1,
22 1991, shall not be restricted by the earnings limits
23 pursuant to this subparagraph until January 1, 1994.
24 To qualify for the provisions of this subparagraph,

1 the member must be employed less than one-half (1/2)
2 time compared to other full-time employees in similar
3 positions;

4 3. Notwithstanding paragraph 2 of this subsection, a retired
5 classified or nonclassified member who has been retired for thirty-
6 six (36) or more months and who is employed by a public school to
7 perform duties ordinarily performed by classified or nonclassified
8 personnel shall be able to receive annualized earnings from the
9 public school with no reduction in retirement benefits regardless of
10 the amount of annualized earnings. ~~For a period of three (3) years~~
11 ~~beginning July 1, 2017, members who have retired as of July 1, 2017,~~
12 ~~as active classroom teachers, who have been retired and receiving a~~
13 ~~benefit for at least one (1) year, and who have not been employed by~~
14 ~~any public school during that one-year period, shall be eligible to~~
15 ~~be reemployed as an active classroom teacher in common or career~~
16 ~~tech school districts, with no limitations on earnings. The one-~~
17 ~~year period starts with the retiree's last day of preretirement~~
18 ~~public education employment. Members returning under this section~~
19 ~~shall not be subject to any earning limitations following the end of~~
20 ~~the three-year period described in this paragraph. Members~~
21 ~~returning under this section shall only be employed pursuant to a~~
22 ~~temporary contract; and~~

23 4. A member shall be considered to be employed by a school
24 district to perform the duties ordinarily performed by classified or

1 nonclassified personnel if the member is hired by the school
2 district in the member's individual capacity to perform the duties
3 or if the member performs the duties through employment with a
4 proprietorship, partnership, corporation, limited liability company
5 or partnership, or any other business structure that has agreed or
6 contracted to provide the services to the school district.

7 B. A public school district that employs a retired member shall
8 be required to make contributions to the System for the retired
9 member in an amount as required in Section 17-108.1 and in paragraph
10 3 of subsection B of Section 17-116.2 of this title.

11 C. For purposes of this section, postretirement employment of
12 less than one thousand (1,000) hours per year with the Governor, the
13 State Senate, the House of Representatives or the Legislative
14 Service Bureau shall not be considered as postretirement employment
15 with a public school of Oklahoma.

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

19 E. A member who has entered into postretirement employment with
20 a participating employer of the Teachers' Retirement System of
21 Oklahoma must fully comply with all the provisions of the rules
22 promulgated by the Board of Trustees pursuant to this section in
23 order to continue receiving his or her monthly retirement benefit.
24

SECTION 2. This act shall become effective November 1, 2018.

56-2-8092 MAH 12/29/17

THOMAS E. CUMMINS CONSULTING ACTUARY, INC.

2512 E. 71st Street, Suite D · Tulsa, Oklahoma 74136

(918) 492-9658 · (918) 492-9659

January 2, 2018

Representative Ed Cannaday
Room 546

Re: RBH No. 8092

RBH No. 8092 reinstates the earnings limits for retired teachers who return to teaching and continue to receive benefits from OTRS.

RBH No. 8092 is a non fiscal bill as defined by the Oklahoma Pension Legislation Analysis Act because the bill does not contains a benefit increase.

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