

THE ADVISOR

Newsletter of the Oklahoma Teachers Retirement System



OKLAHOMA TEACHERS
RETIREMENT SYSTEM

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TRS LEGISLATION 2017

It was a busy legislative year for the Teachers' Retirement System. None of the bills passed were "request bills" by TRS.

HB 1162 (Rep. McDaniel; Sen. Stanislawski) Vesting Longer

For those new TRS members who become members on or after November 1, 2017, the number of years to "vest" and become eligible for a TRS pension increases from five (5) to seven (7) years. Effective date 11/1/17. (Not TRS sponsored.)

HB 2386 (Rep. Osborn; Sen. David) Definition of "teacher" in title 70 changed

During the 2016 Legislative Session the definition of "teacher" in title 70 was amended to delete references to superintendents, principals, supervisors and nurses. HB 2386 restored those positions to the definition of "teacher" and also clarified that it included teachers certified by the State Career Tech Board. The types of positions added back to the definition will again be eligible for the "State Credit" that pays a portion of employee contributions to TRS. (TRS did not oppose the bill.)

SB 242 (Sen. Pugh; Rep. Martinez) State Treasurer on TRS Board, appointees serve at the pleasure of appointing authority, eight trustee vote requirement for action

Effective August 25, 2017, the State Treasurer will be the 14th voting member of the TRS Board of Trustees. The bill also places the Treasurer on the Board of the Oklahoma Public Employees Retirement System. In addition, all appointees to the Board shall serve at the pleasure of the appointing authorities and may be removed with or without cause. The previous requirement of seven votes to take action was raised to eight (8) votes. (Not TRS sponsored.)

SB 423 (Sen. Quinn; Rep. McDaniel) Alternate Retirement Plans at OU & OSU cleanup

OU and OSU have the ability to establish "Alternate Retirement Plans" for their employees. Employees have the option to select one of the ARPs or be



TRS LEGISLATION 2017

a member of TRS. The amendments to statutes in the bill were required to satisfy a recent Private Letter Ruling from the IRS. The existing option period of 90 days is shortened to thirty (30) days. In addition, all current references to “electing employees” in the statutes were deleted. The IRS has made clear that current TRS members can’t opt for one of the ARPs. **(TRS supported the bill.)**

SB 428 (Sen. Smalley; Rep. Henke) Limited exception to post-retirement employment for retired classroom teachers who retired prior to July 1, 2017 and who have been retired for at least one year; and TRS cleanup

The State Department of Education sponsored a bill as an effort to help schools recruit TRS retirees back to the classroom. TRS was permitted to add some cleanup language to other provisions as well. The exception to the general limitations on post-retirement employment will last three (3) years from July 1, 2017 through June 30, 2020. It will only be available to members who retired as “active classroom teachers” as of July 1, 2017 and who have not been employed by any public school in any capacity for at least one year. These retired teachers may be hired as active classroom teachers without any limitation on earnings. These returning retirees must be hired on temporary contracts.

One TRS cleanup provision clarifies that a member is eligible for a disability benefit when the member is mentally or physically unable to perform the job for which the member was hired. The previous provision technically required an inability to teach. Other cleanup provisions permit future contribution withdrawals and payments of accumulated contributions upon death, to be approved by TRS staff rather than the Board. Also various documents and instruments that previously had to be filed with “the Board” were changed to simply filing with “the System”. **(TRS supported the bill.)**



REGIONAL MEETINGS

Attend a Pre-Retirement Planning Seminar

Beginning this fall, the Oklahoma Teachers’ Retirement System will be hosting five regional seminars across the state. If you are within five years of retirement, we strongly recommend you plan to attend. If you just want to learn more about the retirement system and your future retirement benefits, please join us.

At the seminars we will discuss essential retirement planning information to include:

- How to determine retirement eligibility
- The retirement benefit calculation method
- Retirement plan options
- Post Retirement Employment guidelines

The fall seminars dates and venues are as follows:

- August 26th – East Central University, Ada
- September 9th – Cameron University, Lawton
- September 23rd – Tulsa Technology Center, Owasso Campus
- September 30th – Oklahoma City (2 sessions) Francis Tuttle Technology Center, Rockwell Campus

For more information or to register, visit our website www.ok.gov/TRS. There is no cost to attend, but pre-registration is required.

TRS: Diversified Plan, Diversified Board

As a 15 billion dollar pension fund, it is a basic tenet that the assets of TRS be held in a diverse mix of investments to maximize returns and minimize risk. Similarly, the statutes defining the TRS Board of Trustees provide for a well-diversified Board so that the Board is in the best position to serve TRS members and the fund.

TRS is currently administered by a 13 member Board of Trustees, with an additional non-voting member. The statutes creating the Board place specific educational, employment, or professional requirements on each trustee that is appointed to the Board. The trustees are also appointed by a variety of government officials, as well as an education related organization. Indeed, three specialized government officers, or their designees, sit directly on the TRS Board: the State Superintendent of Public Instruction, the Director of the Office of Management and Enterprise Services, and the Director of the Oklahoma Department of Career and Technology Education. Additionally, as a result of legislation passed in the 2017 legislative session, the State Treasurer or his or her designee will be seated on the TRS Board later this year as the 14th voting member.

The Governor of Oklahoma appoints 6 trustees to the TRS Board. Two of these appointments must be currently employed in public education: one as a representative of a school of higher education, and one as a member of the System who is a non-classified optional personnel (such as a school secretary). The other 4 trustees appointed by the Governor must either have professional experience in the investment or management of funds, must have professional experience in banking and investment or management of funds, must be a certified public accountant, or be licensed to practice law in the State of Oklahoma.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate each appoint two trustees. One must be an active classroom teacher, and one must be a retired teacher.

One non-voting trustee is appointed for a term of one year by a statewide association representing retired educators. Both the Oklahoma Retired Educators Association, as well as Retired Professional Oklahoma Educators have appointed trustees to the TRS Board at different times.

The diversity on the TRS Board allows the TRS trustees to best deliver on their fiduciary duties to the System and its participants be it from their current employment in public education, their status as retired members of the System, their capacity as state officers, or their specialized expertise in a variety of professional fields. Trustees use their specialized knowledge of their positions and fields when making decisions that impact the System. This results in the System and its participants being the top priority for TRS trustees and staff.

DIRECTOR'S CORNER

Does Quality Matter?

*Tom Spencer,
Executive Director*

I've been in or around state government my entire adult life. So if you are a government hater or think that all public servants are incompetent buffoons, you don't need to read the rest of this column. In the early 1990s, the Governor decided that the State should follow Total Quality Management (TQM) principles. It is not clear who coined that term originally but it was used in the Navy back in the 1980s and then became something the U.S. government adopted for federal agencies that same decade. To this day there still exists the "Malcolm Baldrige National Quality Awards" named for President Reagan's Secretary of Commerce. In state government there was an annual event called the "Quality Oklahoma Team Day" awards that was held for more than 20 years. Agencies submitted their completed projects for which they were proud. When I worked for Treasurer Robert Butkin in the 1990s we entered several projects that saved the state money and improved the quality of our services. Agencies put up displays in the State Capitol Rotunda that illustrated their projects. Awards were given for the best ones. I have been told that this event is simply on

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On the phone: 1-877-738-6365 or 405-521-2387

On the web: www.ok.gov/TRS or facebook.com/okTRS

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Does Quality Matter?

a hiatus as the State transitions from a "TQM" approach to something else. But frankly when was the last time you heard anyone talking about state government striving for quality? (Insert cricket chirps here.)

The only topic popular today seems to be doing things with less money, and seemingly without any thought given to the impact on the quality of service levels or to the citizens that receive them. The truth is that any state agency head or administrator can cut an agency or school budget. That doesn't make you a management genius. Cutting a budget without regard for the impact on your clients or customers is bad business and bad governance. The current truth in state and local government is that most public agencies and educational institutions have no choice but to cut budgets. Public administrators and managers are left to use their talents to figure out how to provide services with the least impact possible. Most of these public entities have had lower budgets for many years in a row. There is precious little fat to cut, if any, and many are cutting to the bone.

The pursuit of quality should not be divorced from the importance of being good stewards of taxpayer money. Wise investments in technology and process streamlining can result in a better quality of service at a lesser cost. We at TRS believe in providing quality services and we are working on ways to continually improve. We are not perfect. When we make mistakes, we own up to them, learn from them, and get back to thinking how we can do better and increase the quality of our services. And yes, quality services by public agencies should matter.

