



TRS investments earn 20.6%

TRS assets fell just short of \$7 billion at the close of the fiscal year. The market value of TRS investments on June 30 was \$6,958,814,670.

Total return for the year ending June 30, 2004, was 20.6%. The 2004 return has helped make up some of the loss incurred during 2001 and 2002, when returns were impacted by economic conditions and 9/11.

Returns for the past 20 years are shown on the accompanying chart. Annualized returns for the three-year period were 6.4%, for five years 5.6%, seven years 8.9%, 10 years 11.2%, 15 years 10.8% and 20 years 11.8%.

Overall, TRS returns have performed well above average, when compared to 95 other public pension plans in reports received by the Oklahoma State Pension Commission. New England Pension Consultants, an independent consulting service employed by the State Pension Commission, reports on the performance of Oklahoma's state-run pension plans at the end of each quarter in March, June, September and December. The last two reports rank TRS's total returns in the top 15% of the public plan universe for each of the one-, three-, five- and seven-year periods ending December 31 and March 31.

More information about TRS investments is available on the TRS website (www.trs.state.ok.us).

Most TRS retirees to receive COLA

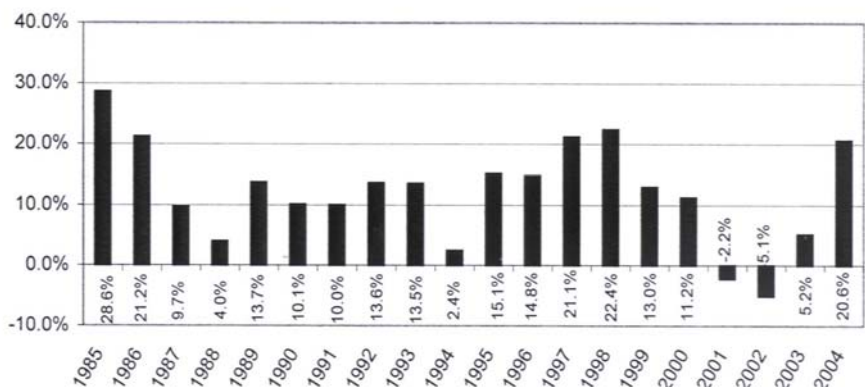
Cost of Living Adjustments (COLAs) ranging from 2.5% to 4.5% will be included in the Aug. 1 benefit payment for 37,000 TRS members who were retired before July 1, 2003.

The amount of the COLA depends upon the member's years of service before retirement, as well as the amount of the member's monthly retirement benefit as of June 30, 2004.



SB1134 COLAs		
Years of Service	Monthly Benefit as of 6/30/2004	Benefit Increase
20 years or more	Less than \$1,500.00	4.5%
	\$1,500.00 to \$2,500.00	4.0%
	Over \$2,500.00	3.5%
15 to 19 years	Less than \$1,000.00	4.0%
	\$1,000.00 to \$2,000.00	3.5%
	Greater than \$2,000.00	3.0%
Fewer than 15 years	Less than \$801.00	3.5%
	\$801.00 to \$1,499.99	3.0%
	\$1,500.00 or greater	2.5%
Special Retirees		4.0%

TRS Total Returns - June 30



Rule of 90 members get unused sick leave credit



TRS members joining the Retirement System July 1, 1992, or later (Rule of 90 members) will now receive credit for unused sick leave, a benefit of TRS membership previously available only to members who had joined TRS before July 1, 1992 (Rule of 80 members).

The provision is included in Senate Bill 1134, which was enacted by the 2004 Legislature, and became effective on July 1.

Retiring members receive one year of service credit for 120 days of unused sick leave. No one can receive more than one year of credit for sick leave, and a retiring member cannot use sick leave donated by others. However, if a member has fewer than 120 unused sick leave days, he or she can add those days to days worked during a school year to make a partial year count as a full year. For example, a member who worked only one semester (90 days) can add 30 days of unused sick leave to those days to make the half-year count as a full year.

Under the new law, sick leave days already accumulated can be included in a member's total record for retirement purposes. Unused sick leave lost because a member exceeds what his or her employer allows can still be used for credit when the member retires.

Sick leave credit counts toward qualifying for retirement under the Rule of 80 or Rule of 90, but cannot be counted toward vesting. A member's account vests with five years of Oklahoma service.

\$18,000 active member death benefit now includes Rule of 90 members

All active members are now covered by the TRS \$18,000 active member death benefit. An active member is a TRS member who is still employed and making contributions to the Retirement System.

Until July 1, the active member death benefit was available only to beneficiaries of Rule of 80 members. Rule of 80 members are those who joined the Retirement System before July 1, 1992.

The 2004 Legislature's House Bill 2643 extends the active member death benefit to include Rule of 90 members. Rule of 90 members are those who joined TRS beginning July 1, 1992.

If the deceased active member had qualified to retire and had only

one primary beneficiary, the beneficiary may choose to receive a lifetime monthly benefit or a one-time, lump-sum payment of the \$18,000 death benefit and contributions plus interest.

If the deceased active member has several primary beneficiaries, they will receive in equal shares the \$18,000 active member death benefit, which is taxable, as well as the contributions in the member's retirement account and the interest the account had accrued until the member's death. The option to receive a lifetime monthly benefit is not available unless all but one primary beneficiary waive their rights to the death benefit and distribution of the member's account.

Benefit formula change enacted for some university employee members

A new formula will now be used for higher education employees who became TRS members before July 1, 1995.



The new formula, enacted by the 2004 Legislature in House Bill 2226, means that when those university employees make the same retirement contributions as other TRS members, they will receive the same level of benefits as other members.

Since 1995, employees at the University of Oklahoma and Oklahoma State University have made retirement contributions on salaries up to a capped amount, and retirement benefits have been based on annual contributions for each year, instead of the final average salary used for non-university employees.

Under the old formula, when the salary of an OU or OSU employee was below the capped amount, he or she made the same contribution as other TRS members, but the university employee's retirement benefit could be less.

The retirement formula has been changed for OU and OSU members who contribute on less than their total salaries because their salaries are more than the maximum annual compensation allowed for contributions, but it will continue to be calculated differently from the formula for members who make contributions on total salaries.

The bill also changes the retirement formula for higher education employees who are not employed by OU and OSU. The old formula required that the 1995-96 school year be calculated separately

(See "Changes" on page 3)

Lawmakers adopt TRS changes

A benefit increase, sick leave service credit for Rule of 90 members, a change in the retirement formula for university employees and a new restriction on working after retirement are among new laws the Legislature enacted during the 2004 session.

The laws went into effect on July 1.



Here is a summary of the session's TRS-related legislation:

- SB1134:** Cost of Living Adjustment (COLA) for TRS members retired as of June 30, 2003 (see story on page 1); unused sick leave service credit for Rule of 90 members (see story on page 2); excludes member's flexible benefit allowance from regular annual compensation; requires Board of Trustees to adopt a COLA actuarial assumption in annual actuarial valuation report.
- SB1144:** Requires a TRS retiree to have at least 10 years of credited service to continue insurance coverage under the Oklahoma State and Education Employees Group Insurance Program.
- HB2226:** "Alternate Retirement Plan for Eligible Employees of Participating State Institutions of Higher Education Act of 2004" (see story on page 2)
- HB2536:** Creates Task Force for the Study of Public Retirement Systems Benefit Design and Equity to study all Oklahoma public pension plans.
- HB2643:** Redefines regular annual compensation to exclude reimbursement for expenses, including payments for office, housing, travel or other maintenance allowances; extends \$18,000 death to Rule of 90 members (see story on page 2); adds restriction to post-retirement employment (see story below).

The full text of these bills is available on the TRS website (www.trs.state.ok.us).

Changes (from page 2)

because of the contribution rate for that year. Now, the retirement formula for these members will be the same as that for other TRS members.

Retirement benefits for university employees who have retired since 1995 will be recalculated. Any adjustment will be effective Jan. 1, 2005, and benefits will increase beginning with the Feb. 1, 2005, retirement benefit payments. The new calculation will not affect retirement benefits received before Jan. 1, 2005.

Planning to work after you retire?



New retirees are subject to a new restriction on post-retirement employment.

Under House Bill 2643, enacted by the 2004 Legislature, new retirees are prohibited from volunteering services to an Oklahoma public education entity for 60 days immediately after retirement, if they are going to continue in the position as a paid employee after 60 days.

TRS law has always required retirees to be off payroll for 60 days before returning to public school employment.

If you are planning to work or volunteer in Oklahoma public education after you retire, you should contact TRS to be sure your employment will not impact your monthly retirement benefit.



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Trends is published and issued by the Teachers' Retirement System of Oklahoma as authorized by Executive Secretary Tommy C. Beavers. 138,000 copies have been printed by the Department of Central Services Central Printing Division at a cost of \$7,500. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.



**TRS Executive Secretary Tommy C. Beavers
to guest Aug. 7 on Oklahoma City radio station KTOK**

Teachers' Retirement System Executive Secretary Tommy C. Beavers will be Eunice Khoury's guest on *Well Preserved* on Oklahoma City radio station KTOK on Saturday, Aug. 7.

The show airs live at 7 A.M. on AM-1000.

Join the conversation with questions and comments about TRS by calling 840-1000 from within the Oklahoma City local calling area or 1-405-840-1000 from outside the Oklahoma City local calling area.

You also can listen via the Internet at www.ktok.com.



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