

BILL SUMMARY
2nd Session of the 59th Legislature

Bill No.:	SB 1520
Version:	CS
Request Number:	10967
Author:	Rep. Hays
Date:	4/15/2024
Impact:	TRS:
	Increase UAAL \$147,000,000

Research Analysis

The committee substitute for SB1520 temporarily increases the post-retirement earning limits to \$30,000 for members of the Teachers' Retirement System of Oklahoma between the age of 55 and 59 and 1/2 until July 1, 2027. For members old than 59 and 1/2, there will be no limit.

The measure also amends the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA) to include a safe harbor clause to allow the bill to be treated as a nonfiscal retirement bill in the legislative process.

Prepared By: Quyen Do

Fiscal Analysis

SB 1520 temporarily increases the earnings limitation for retired members of the Teachers' Retirement System of Oklahoma (TRS) who are between the age of fifty-five (55) to fifty-nine and one-half (59 1/2) years old. The earnings limit is removed for retired members who are fifty-nine and one-half (59 1/2) years or older.

The committee substitute contains an amendment to the Oklahoma Pension Legislation Actuarial Analysis Act (OPLAAA) defining the increase to post-retirement earning limitations as nonfiscal. However, officials from TRS stated "the current provisions generally require retirees returning to work to make reductions to their schedule or responsibilities in order to meet earnings limits. The proposed changes would allow, if retiring over the next three years, active members age 59 1/2 or older the opportunity to retire and return to work after 60 days with no change to their schedule and/or responsibilities. The 60 days is short enough that members could retire at the end of one school year and return to employment by the beginning of the next school year. Therefore, TRS anticipates high utilization over the next three years as many active members would seek the opportunity to maintain a similar salary while also drawing their retirement benefits from TRS." Due to this change in future behavior, TRS anticipates the unfunded actuarial accrued liability (UAAL) to increase by One Hundred Forty-Seven Million Dollars (\$147,000,000). The measure is not anticipated to impact the funding period, which remains at twelve (12) years.

Prepared By: Alexandra Ladner, House Fiscal Staff

Other Considerations

None.

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