

BILL SUMMARY
2nd Session of the 59th Legislature

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| Bill No.: | SB 1520 |
| Version: | FA1 |
| Request Number: | 10979 |
| Author: | Rep. Hays |
| Date: | 4/15/2024 |
| Impact: | TRS: |
| | Increase UAAL \$147,000,000 |

Research Analysis

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

DIFFERENCE BETWEEN THE FLOOR SUBSTITUTE AND COMMITTEE SUBSTITUTE

The floor substitute removes the safe harbor clause that would have allowed 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.

Officials from TRS provided the following actuarial impact according to TRS's actuary. "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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