



When does a fraction equal a whole?

TRS rule change allows for fewer days to count as a full year of service

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Rule changes adopted by the Oklahoma Teachers Retirement System (TRS) in 2013 created some unintended – and unfair – consequences for people who didn't work a full school year as defined by the system. Fortunately, an amendment to the rules earlier this year has put some logic back into the calculation and education employees are benefiting when it comes to retirement.

The TRS adopted new rules in 2013 dealing with how service credit would be calculated when determining years of service for retirement purposes. Prior to the 2013 rule change, TRS members who worked a minimum of 120 days during a school year would qualify for a full year of service for retirement purposes. The 2013 rule amendments changed the way service credit was calculated by dividing the actual number of days actually worked or on paid leave by the number of days in the school year and awarding service credit based on that mathematical calculation. So, under the 2013 rule amendment, if you worked less than a full school year, you received only a fractional year of service credit.

The 2013 rule change created significant problems for employees who may be hired a couple of days into a school year, or who were forced to take a few days of unpaid leave because of various circumstances. Those employees were only credited with a fractional year of service and would be required to begin a new school year and work the days missed the prior year in order to qualify for a complete year of service credit.

These issues, among others, were identified in the comments filed with the TRS by the OEA and local school districts during the 2013 rule making process when these changes were initially proposed by TRS. The 2013 rule change – while logically sound (i.e., “you get what you earn”) – was not pragmatic or workable and created serious record keeping and other problems for local school districts, as well as hardships in some instances for employees trying to retire.

Fortunately, the TRS adopted amended rules in 2016. One of the amendments dealt with how TRS calculates partial year service credits – particularly when someone is on unpaid leave for a day or two during a school year, or begins employment with a district a few days after the official start of the school year. The 2016 rule amendment is a much easier and pragmatic system for calculating partial year service credits.

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Pursuant to TRS Administrative Rule 715:10-3-1, TRS will now round hundredths up or down to the nearest tenth when calculating service credit that is less than 1.0. Section (d) of Rule 715:10-3-1 specifically states that: For service credit of less than 1.0, all service credit shall be rounded to the nearest tenths (.04 and lower will round down, and .05 and higher will round up).

This is good news because it will effectively allow folks who have been docked a day or two of pay for various reasons to still be credited with a full year of service; something that was not the case when they initially enacted the new rule in 2013 requiring actual days worked, or on approved and paid leave, to be used in calculating service credits.

For example:

School employee A is on unpaid leave for 1 day and only works 179 days of a 180-day school year contract. The service credit is calculated by dividing 179 into 180, resulting in a service credit of .99 ($179/180 = .99$). The hundredths will round up to the nearest tenth, meaning that .99 is rounded up to 1.0 and school employee A receives a full year service credit from TRS, as opposed to the partial .99 year credit under the initial 2013 rule.

School employee B begins work on day 9 of a 180-day school year contract, resulting in a service credit calculation of .95 ($171/180 = .95$). In this case, .05 and higher will round up – meaning that the service credit will round up to 1.0 and school employee B receives a full year service credit from TRS, as opposed to the partial .95 year credit under the initial 2013 rule.

School employee C begins work on day 7 of a 180-day school year and is also absent 5 days on leave without pay, resulting in a service credit calculation of .93 ($168/180 = .93$). So, .04 and lower will be rounded down to the nearest tenth, resulting in a partial year service credit of .90 for school employee C instead of the partial .93 year credit under the initial 2013 rule.

The new rule became effective Aug. 25, 2016, and applies to service performed on or after July 1, 2016. The service credit calculation for service performed on or after July 1, 2013, and before July 1, 2016, will be calculated by TRS using the prior method

This is obviously a very welcome change in how TRS calculates service credits in these circumstances and is a much fairer approach to dealing with the service credit problems initially caused by the 2013 change in the TRS Rules.

If you have any questions about the new rule calculating partial years of service for TRS purposes, contact your Regional Advocacy UniServ Specialist for additional information.

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