

2010

Retirement Coordinator Training

Presented by the
Oklahoma Public Employees Retirement System



Welcome

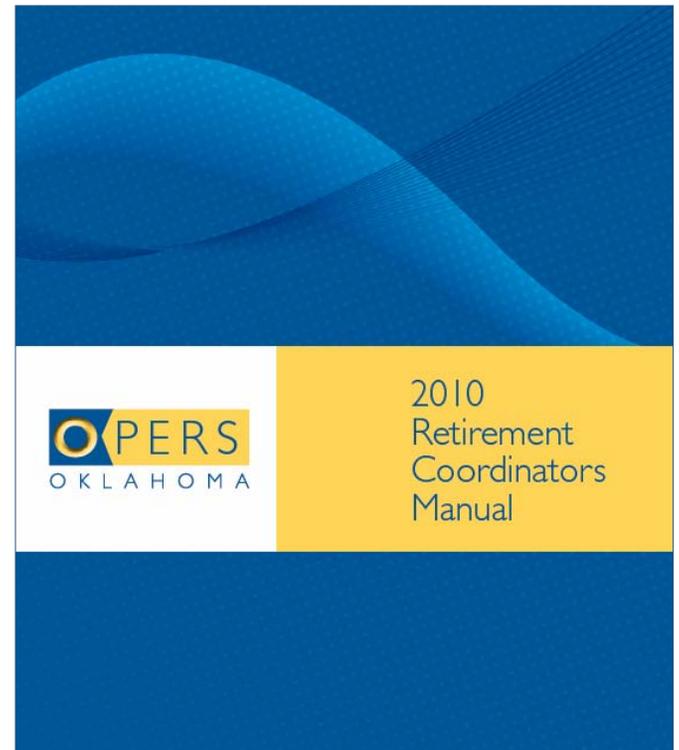
Presenter:

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Communications & Customer Contact Director

New Manual

- Reusing old binders:
 - Keep tabs
 - Replace slide-in cover and spine
- Please recycle



Presentation Overview

- OPERS at a Glance
- Roles of Retirement Coordinator
- 2010 Legislation
- Voluntary Buyouts (VOBOs)
- Military Service / USERRA
- Customer Satisfaction Surveys – *What We've Learned*
- Withdrawals and Vesting
- New Communications Tools
- Questions and Answers

OPERS at a Glance

- 279 participating employers
 - 124 state units representing 78% of OPERS members
 - \$260 million in employer contributions in FY 2010
- \$5.8 Billion in total assets
 - Diversified investment portfolio
 - Targets: 40% domestic equity, 24% international equity, 36% fixed income

OPERS at a Glance

- 28,000 benefit recipients
 - \$430 million in benefits paid in FY 2010
 - 1,900 new retirees in FY 2010
- 43,000 active members
 - 5,300 new members enrolled in FY 2010
 - \$69 million in member contributions in FY 2010

OPERS at a Glance

Defined Benefit Plan

- Member and employer pay contributions
- Member must meet certain eligibility requirements
- Benefits are based upon a formula:



Benefit
X Formula 2%
Lifetime Annual Benefit

Average Salary
Service Credit

The image shows a stack of US dollar bills, with the text 'Benefit X Formula 2%' overlaid. Below this, the text 'Lifetime Annual Benefit' is written. To the right of the formula, the text 'Average Salary' and 'Service Credit' is written, indicating the components of the formula.

OPERS at a Glance

Normal (Full) Retirement

- 80 points (age + service credit) if you initially became a member before July 1, 1992.

OR

- 90 points (age + service credit) if you initially became a member on or after July 1, 1992.

OR

- Age 62 with 6 years of full-time equivalent employment (2,076 hours per year).

OPERS at a Glance

Early Retirement

- Ages 55 to 62
- 10 years of participating service
- Permanently reduced benefits

Early Retirement Reduction Factors	
Age	Percentage
62	100.00
61	93.33
60	86.67
59	80.00
58	73.33
57	66.67
56	63.33
55	60.00

Roles of Retirement Coordinator

- Enrolling new employees
- Reporting contributions
- Maintaining records
- Providing information to OPERS
- Keeping your employees informed

Enrolling New Employees

- Online enrollment at <https://connect.opers.state.ok.us>.
- Please enroll employees before first payroll report and enroll even those who leave immediately.
- Call OPERS regarding prior participation.
- Members cannot withdraw, vest or retire without enrolling.
- Importance of beneficiary designations.

Reporting Contributions

- Retirement contributions begin for:
 - New members - 1st day of month following hire date
 - Previous members - 1st day on the job
- Report correct hours worked on payroll report each month.
- Beware of possible Step-up contributions for new hires with prior service – *call OPERS, if needed.*
- “Probationary” periods are still reportable.

Maintaining Records

- Long-term relationship between OPERS and your employees.
- OPERS will frequently request missing information.
- Learn where your old records are hiding, never get rid of that information.
- Keep employee records as accessible as possible.
- We understand storing and locating old information is difficult, but the law requires you provide it when needed to provide a service to a member.

2010 Legislation

- SB 1579
Involuntary furlough and service credit
- SB 1889
“Clean up” bill
- HB 2363
Voluntary Buyout Reimbursement Revolving Fund

SB 1579

Involuntary Furloughs and Service Credit

Furlough = involuntary leave without pay

- Normally, leaves of absence do not count toward a member's retirement credit – *approved furlough is the exception.*
- When a member has a furlough day, they get credit for those hours in retirement, even though they are not at work and are not paid (no retirement contributions).
- It is the employer's responsibility to provide a copy of the furlough plan approved by OPM and a list of affected employees that includes dates, times and hours of furlough for each employee.

Now applies to legislative and court employees, as well as executive branch employees.

SB 1889

“Clean up” Bill

- Amends the retiree return to work provisions.
 - The one-year employment prohibition period begins on the date the retiree leaves employment, not the retirement date.
- Reduces number of retirement options for state and local elected officials first elected to office after November 1, 2010.
 - These officials can select a 4% retirement computation factor with a current employee contribution rate of 10%, or a 1.9% computation factor with a current contribution rate of 4.5%.
 - Must file selection with OPERS within 90 days of taking office or default to the maximum contribution rate and corresponding computation factor.

SB 1889

“Clean up” Bill

- Amends retirement filing for judicial members.
 - Statute no longer provides for the Governor to “approve” judicial retirements, but provides for a notification of the Governor by the Court Administrator to aid in the judicial appointment process.
- Amends provisions for judicial members to return to a position while receiving a pension benefit.
 - Retirement compensation for a member shall be suspended for the period of time the member returns to a position covered by the URSJJ.
 - The suspension of benefits does not apply to election or appointment to a position not covered by the URSJJ.

HB 2363

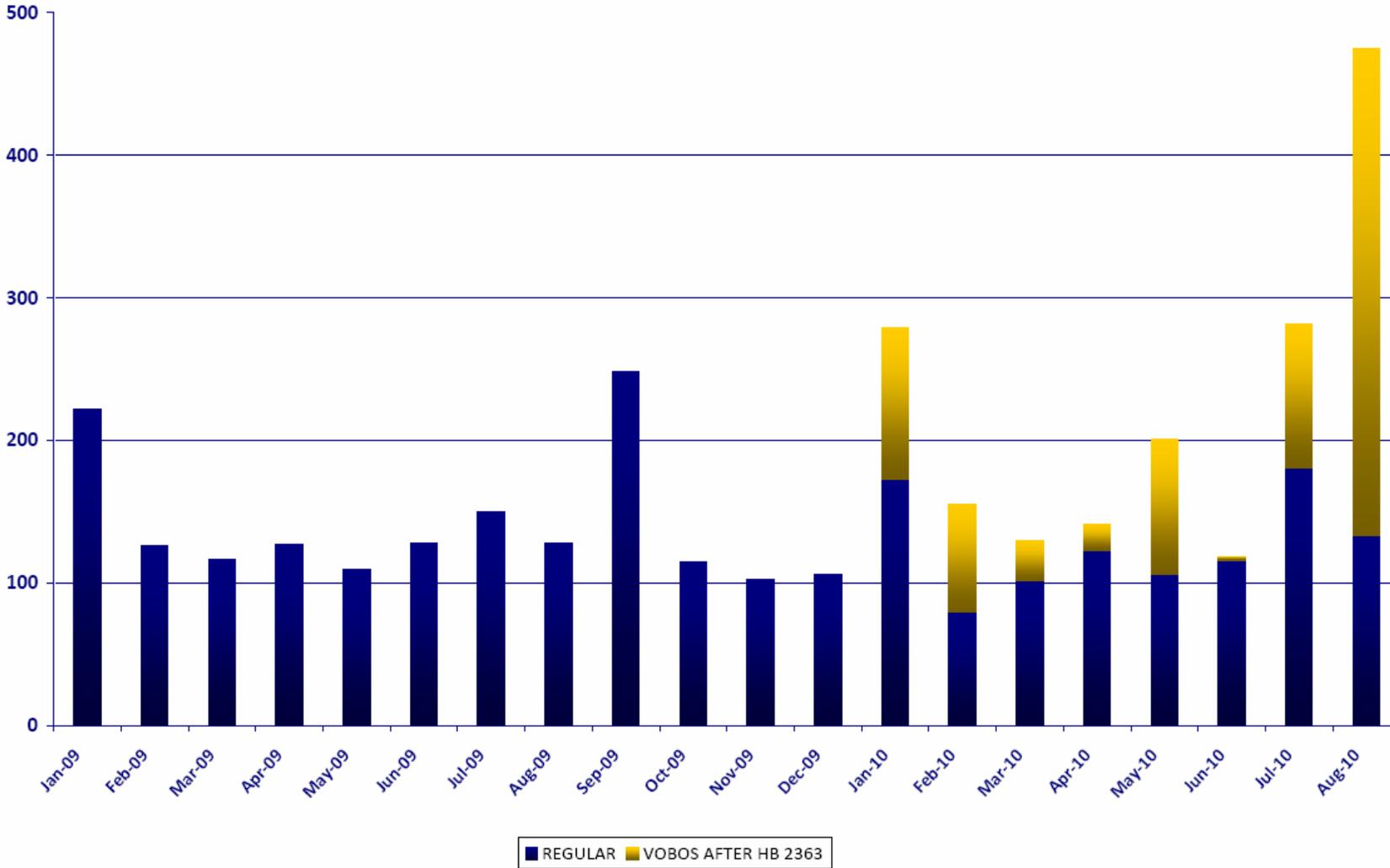
Voluntary Buyout Reimbursement Revolving Fund

- Provides reimbursement to state agencies that offer voluntary out benefits to retirement-eligible employees.
 - Reimbursement available only for normal retirement-eligible employees, not early retirement.
 - A condition of receiving reimbursement is the agency's agreement to reduce full-time-equivalent employees by the number of positions within the buyout agreement for a period of at least 36 months.
 - Agencies may apply for reimbursement no later than June 30, 2011.
 - Application for reimbursement of eligible VOBO expenses is spelled out by OSF in their procedure document dated May 13, 2010, and available online at www.osf.ok.gov.

Voluntary Buyouts (VOBOs)

- VOBO retirements began occurring in September 2009 before HB 2363 was enacted.
- OPERS normally averages about 150 new retirements every month.
- Prior to recent VOBOs, 222 retirements was the largest monthly volume received and completed.
- Nearly 500 new retirements received and completed for August 1, 2010, retirement date.

Retirements Completed



Considering a VOBO?

1. All retirement rules and deadlines apply.
2. Inform OPERS if you are even considering a VOBO. Early communication is critical, both with OPERS and employees.
3. Questions to answer:
 - What will be the effective retirement date?
 - How many employees do you anticipate will be affected?
 - When should we expect the list?
 - Who will be the official contact regarding VOBOs?

Considering a VOBO?

4. Warnings and Cautions

- Do not assume an employee is eligible to retire.
- Do not schedule final employee meetings too close to retirement deadline.
- Employees who are barely eligible should watch their sick leave balances closely and avoid leave without pay (LWOP).
- Do not take retirement contributions out of VOBO payments (including the VOBO-related longevity payments).

Military Service

- Military service is creditable toward normal retirement eligibility (ex. 80 pts.)
- Maximum of 5 years
 - Not toward the 6 years of required full-time equivalent service.
 - Not counted as participating service for early retirement.
- Application for Military Service is available online.
- Military Differential Pay
 - Withhold OPERS contributions
 - No hours are reported
 - Earning Category of “MLD” in CORE

USERRA

Uniform Services Employment & Reemployment Rights Act

- Available to an employee who is absent from work due to voluntary or involuntary military service to buy back service credit lost during military absence.
- Certain time limits and conditions must be met, and payment of contributions may be required before service can be granted.

USERRA

- Member Responsibility:
 - Submit DD214 and Application for Military Service to OPERS.
- Retirement Coordinator Responsibility:
 - Provide OPERS with:
 - Member's last day on job before military service.
 - Date member returned to work.
 - Specifically mention USERRA.

Customer Satisfaction Surveys

- Feedback has been very positive, provided several lessons learned.
- Surveys currently in action:
 - Walk-in members (April 2009)
 - Withdrawals (January 2010)
 - Website visitors & website video comments (March 2010)
 - Pre-retirement seminar (July 2010)
 - New retirees – Coming soon!

Customer Satisfaction Surveys

- **Walk-in survey – composite score of 4.9 on 5.0 scale**
Approximately 97% of responses indicate overall service they received was outstanding (85%) or above average (12%).
- **Pre-retirement seminar survey – composite score of 4.4 on 5.0 scale**
Approximately 90% of responses indicate overall quality of the seminar was outstanding (48%) or above average (41%).
- **Withdrawal survey – composite score of 4.1 on 5.0 scale**
Approximately 70% of the responses indicate overall experience was outstanding (39%) or above average (31%).

Example of a lesson learned: Members don't like the statutory 4-month waiting period, 38% of the comments we receive are about the length of the withdrawal process.

Withdrawals and Vesting

- When an employee leaves, it's usually best to vest or withdraw.
- Withdrawals:
 - Member cannot be reemployed with a participating employer for four calendar months in any status.
 - Taxable contributions: mandatory withholding of 20% federal and 5% state.
 - Can also roll over contributions.

Withdrawals and Vesting

- Inform employees they can withdraw or vest.
- If they are eligible to vest, OPERS will inform them.
- What is vesting?
 - Member must have 8 years of credited service.
(7 years and 6 months rounded up)
 - At least 6 of those years must be full-time equivalent employment with a participating OPERS employer.
 - Retirement Coordinator and member must complete a form entitled *Application for Vested Benefits* and submit it to OPERS.

Vesting

- When you elect a vested benefit you don't receive a retirement benefit right away.
 - **Example 1:**
James, age 52, terminates with 25 years of service. If he elects a vested benefit, he may draw full retirement benefits at age 55 (55+25=80 points).
 - **Example 2:**
Ellen, age 33, terminates with 9 years of service. If she elects a vested benefit, she may draw at age 62.

Benefits of Vesting

- Annual vested statement
- Reminder communications
- Newsletters & other information

Important to keep addresses and beneficiaries updated

New Communications Tools

- *Essential* OPERS
- Online Pre-retirement Seminar videos
- Online employer videos
- Retirement Planning Seminars
- New online benefit estimator

Essential OPERS

- New one-page summary document for each plan.
- Please continue providing Member Handbook at enrollment.
- Use *Essential OPERS* for those who are looking for a high-level summary of benefits, rather than full detail of a handbook.

EssentialOPERS

Elected Officials

The Oklahoma Public Employees Retirement System (OPERS) is a defined benefit retirement plan qualified under Section 401(a) of the Internal Revenue Code. Participation in OPERS is mandatory for eligible state and county elected officials. OPERS provides you a lifetime retirement benefit when you meet the eligibility requirements described below.

You participate in OPERS by contributing a portion of your salary each pay period. Your employer also contributes on your behalf. The amount of your contributions does not determine the amount of the benefit that OPERS promises you. Your benefits are determined by a formula which includes your salary and your years of credited service. The paid contributions are invested under the direction of the OPERS Board of Trustees to provide retirement benefits to eligible members.

This handbook is an overview describing OPERS plan provisions as of July 1, 2010. It is not a plan document and does not create any type of binding obligation, contract or promise to pay benefits. OPERS reserves the right to correct any errors contained herein to comply with federal or state statutes. For more information, refer to the Member Handbook available online at www.opers.ok.gov or you may request a copy from your Retirement Coordinator or by calling OPERS at 1-800-733-9008.

Membership and Participation

As an elected official, participation in OPERS is not mandatory, but must be determined within 90 days after you take office. The decision to participate or not is irrevocable and binding upon all future elected offices.

If you wish to participate, you must also indicate the rate at which you want to contribute. This rate cannot be changed as long as you hold that particular office. If you do not notify OPERS, you will default to participation at the highest contribution rate (currently 10%). Participation begins on the date you take office.

Contributions

The contribution rate you choose will determine the benefit computation factor used to calculate your retirement benefits.¹ The elected official contribution rates, and corresponding computation factors, are given below:

Contribution Rate	4.5%	6.2%	7.9%	8.5%	9.2%	10.0%
Computation Factor	3.9%	2.3%	3.0%	3.4%	3.6%	4.0%

Vesting

Vesting means that you have accumulated enough service credit to entitle you to a lifetime monthly retirement benefit in the future. You must have six (6) years of participating credited service to become vested in OPERS.

Eligibility for Normal Retirement Benefits

You become eligible to receive **full, unreduced** retirement benefits under one of the following:

- **80 points** You can begin receiving an unreduced monthly retirement benefit on the first day of the month coinciding with or following the date your age plus years of service equal 80.
- **Age 60** You can begin receiving an unreduced monthly retirement benefit on the first day of the month coinciding with or following your 60th birthday with six years of full-time equivalent participation as an elected official.

Eligibility for Early Retirement Benefits

You can begin receiving **reduced** monthly retirement benefits once you have reached age 55 or any subsequent month leading up to your 60th birthday, provided you have at least 10 years of participating service. If you choose early retirement, you will receive a **permanent** actuarial reduction in your benefit that is based on your age at retirement. The reduction tables for early retirement are available in the member handbook or by contacting OPERS.

EssentialOPERS

Hazardous Duty Employees

The Oklahoma Public Employees Retirement System (OPERS) is a defined benefit retirement plan qualified under Section 401(a) of the Internal Revenue Code. Participation in OPERS is mandatory for eligible hazardous duty employees. OPERS provides you a lifetime retirement benefit when you meet the eligibility requirements described below.

You participate in OPERS by contributing a portion of your salary each pay period. Your employer also contributes on your behalf. The amount of your contributions does not determine the amount of the benefit that OPERS promises you. Your benefits are determined by a formula which includes your salary and your years of credited service. The paid contributions are invested under the direction of the OPERS Board of Trustees to provide retirement benefits to eligible members.

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Membership and Participation

Participation in OPERS begins on the first day of the month immediately following the beginning date of your employment, provided that all of the following occur:

1. Your position is permanent, not seasonal, temporary or emergency; and,
2. Your position requires at least 1,000 hours of work per year; and,
3. Your monthly salary is equal to or greater than the minimum wage.

Contributions

Contribution rates for July 1, 2010 - June 30, 2011 (8.0% employee, 13.5% employer contribution). The employee contribution rate is required for a maximum of 30 years of hazardous duty participating service. After you have contributed at the higher rate for 30 years, you will begin contributing at the non-hazardous duty rate.¹

Vesting

Vesting means that you have accumulated enough service credit to entitle you to a lifetime monthly retirement benefit in the future. An OPERS member must have eight years of credited service (including six years of full-time equivalent service)² to be eligible to vest.

You become eligible to receive **full, unreduced** retirement benefits under one of the following:

- You can begin receiving a monthly retirement benefit with **20 full years** of full-time equivalent employment in the hazardous duty plan, regardless of age.
- **Age 62** You can begin receiving a monthly retirement benefit at age 62 with six years of full-time equivalent service.³
- **Points 80 or 90** If you became a member of OPERS before July 1, 1991, you can begin receiving a monthly retirement benefit when the sum of your age and years of service equal 80. If you became a member of OPERS after June 30, 1991, you can begin receiving a monthly retirement benefit when the sum of your age and years of service equal 90.

Eligibility for Normal Retirement Benefits

You can begin receiving **reduced** monthly retirement benefits once you have reached age 55 or any subsequent month leading up to your 60th birthday, provided you have at least 10 years of participating service. If you choose early retirement, you will receive a **permanent** actuarial reduction in your benefit that is based on your age at retirement. The reduction tables for early retirement are available in the member handbook or by contacting OPERS.

EssentialOPERS

State & Local Government Employees

The Oklahoma Public Employees Retirement System (OPERS) is a defined benefit retirement plan qualified under Section 401(a) of the Internal Revenue Code. Participation in OPERS is mandatory for eligible state and local government employees. OPERS provides you a lifetime retirement benefit when you meet the eligibility requirements described below.

You participate in OPERS by contributing a portion of your salary each pay period. Your employer also contributes on your behalf. The amount of your contributions does not determine the amount of the benefit that OPERS promises you. Your benefits are determined by a formula which includes your salary and your years of credited service. The paid contributions are invested under the direction of the OPERS Board of Trustees to provide retirement benefits to eligible members.

This handbook is an overview describing OPERS plan provisions as of July 1, 2010. It is not a plan document and does not create any type of binding obligation, contract or promise to pay benefits. OPERS reserves the right to correct any errors contained herein to comply with federal or state statutes. For more information, refer to the member handbook available online at www.opers.ok.gov or you may request a copy from your agency's Retirement Coordinator or by calling OPERS at 1-800-733-9008.

Membership and Participation

Participation in OPERS begins on the first day of the month immediately following the beginning date of your employment, provided that all of the following occur:

1. Your position is permanent, not seasonal, temporary or emergency; and,
2. Your position requires at least 1,000 hours of work per year; and,
3. Your monthly salary is equal to or greater than the minimum wage.

Contributions

Contribution rates for July 1, 2010 - June 30, 2011 (8.0% state employees, 13.5% state agencies). Local government employees choose the rate at which the organization and employee will contribute. For more details on the contribution rates of a participating local government organization, see your Retirement Coordinator.

Vesting

Vesting means that you have accumulated enough service credit to entitle you to a lifetime monthly retirement benefit in the future. An OPERS member must have eight years of credited service (including six years of full-time equivalent service)² to be eligible to vest.

You become eligible to receive **full, unreduced** retirement benefits under one of the following:

- **Age 62** You can begin receiving a monthly retirement benefit at age 62 with six years of full-time equivalent service.³
- **80 points** If you became a member of OPERS before July 1, 1991, you can begin receiving a monthly retirement benefit when the sum of your age and years of service equal 80.
- **90 points** If you became a member of OPERS after June 30, 1991, you can begin receiving a monthly retirement benefit when the sum of your age and years of service equal 90.

Eligibility for Normal Retirement Benefits

You can begin receiving **reduced** monthly retirement benefits once you have reached age 55 or any subsequent month leading up to your 60th birthday, provided you have at least 10 years of participating service. If you choose early retirement, you will receive a **permanent** actuarial reduction in your benefit that is based on your age at retirement. The reduction tables for early retirement are available in the member handbook or by contacting OPERS.

Online Pre-retirement Seminar

- Designed to supplement, not replace, our person-to-person seminars across the State.
- An abbreviated version of the full seminar focusing on:
 - Eligibility requirements
 - Retirement options
 - Process and timeline
 - Taxes and returning to work
- Valuable resource coordinators can provide employees.
- Positive reviews from member surveys so far.

Online Employer Videos

- Designed to provide quick training opportunities for retirement coordinators on various topics.
- First video series on the OPERS Employer Website [<https://connect.opers.state.ok.us>]
 - Introduction to the Employer Website
 - Online enrollments
 - Online payroll reporting
- Coming soon.
- Your suggestions on future videos welcomed.

Retirement Planning Seminars

- Two new financial planning seminars designed to provide information to members earlier in their careers.
 - *Controlling Your Financial Future*
 - *Retirement Income Management*
- Seminars will be available in live and online versions.
- Invited 15 participating employers to participate in a focus group, received positive feedback.

Online Benefit Estimator

- Will replace current online estimator.
- Redesigned to provide estimates on:
 - Hazardous duty and elected service
 - Participation in multiple plans
 - Step-up participation
- Currently under construction. Coming soon.

Annual Statements

- Mailed on September 10th
- 6 Categories:
 - State Government Employees
 - State Elected Officials
 - Local Government Employees
 - Local Elected Officials
 - Hazardous Duty Members
 - Justices & Judges

Annual Statements

- Information as of June 30, 2010
- Contain information regarding:
 - Accumulated contributions
 - Beneficiary(ies)
 - Retirement Coordinator contact information
 - Retirement eligibility requirements
 - Death benefits
- Retirement Coordinators will receive “dead-end” statements.

Q & A

Questions and Answers

Thank You



Visit the OPERS website at:
www.opers.ok.gov

OPERS

P.O. Box 53007

Oklahoma City, OK 73152-3007

405-858-6737 (OKC area)

800-733-9008 (Toll-free)

See Page 4 of Retirement Coordinator Manual
for more contact information