Retiring Right

A Publication of the Oklahoma Public Employees Retirement System

OPERS newsletter

Active Member Edition

Second Quarter, Spring 2005

When Can I Retire?

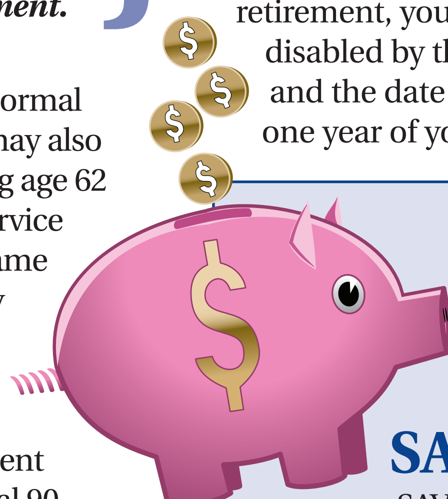
We hear this question every day. Many members are not sure when they will become eligible to retire. This is a brief summary of some of the requirements for retirement. For details, ask your Retirement Coordinator or contact OPERS.

All members hired after 1982 must have the equivalent of at least 6 full years of full time service and membership in OPERS to qualify for any of the 3 types of retirement.

Normal Retirement: You may take normal retirement after reaching age 62. You may also take normal retirement before reaching age 62 when your years of age and years of service total a certain number. If you first became a member before July 1, 1992, you may take normal retirement when your age and years of service total 80. If you first became a member after June 30, 1992, you may take normal retirement when your age and years of service total 90.

Early Retirement: You may take early retirement after reaching age 55 with at least 9 years and 6 months of participating service credit. The amount of your monthly retirement benefit will be less than it would be if you waited for normal retirement. For example, at age 55, it will be 60% of the normal retirement amount; at age 59, it will be 80%.

Disability Retirement: You may take disability retirement at any age with at least 7 years and 6 months of service credit. To qualify for disability retirement, you must be certified as totally disabled by the Social Security Administration and the date of your disability must be within one year of your last day at work.



Also in This Issue:

The Director's Corner

by Tom Spencer,
OPERS Executive Director

SAVE SAVE SAVE

SAVE! Do I have your attention? Good. The United States is widely recognized as the richest country in the world. We have an amazing array of natural resources in this country and our economy has generally been the model for other countries to follow. Why then, in this land of plenty, do Americans save

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at far lower rates than the citizens of countries throughout the industrialized world? The average American currently saves a measly 1.2% of his or her disposable income, which is down from 9% back in the 1980's. Compare those rates with the current rates for Japan at 6.2%, the United Kingdom at 5.6% and Germany at 10.9%. The U.S. has become the largest debtor nation in the world with our government and our citizens borrowing at a breakneck pace. The average American household owes $18,654 in consumer debt which does not include mortgage debt. The consumer debt number includes an average of $8,000 per household in credit card debt. Our national debt now stands at $7.7 trillion which is double what it was in 1991. That is the equivalent of $72,642 per American household. Why are we saving less and borrowing more? The short and cynical answer is that we have become brainwashed into wanting everything now, even if we have to borrow to get it. Saving isn't on anyone's radar screen because if we save, we can't afford the big house and the latest model car. Instant gratification is all important.

Something's got to give. We are literally consuming our next generations' hopes, dreams and assets. Fortunately, state employees have a couple of great ways to break this cycle and become diligent savers. First there is SoonerSave and the Savings Incentive Plan. State employees can get a $25 match from the State just by getting in SoonerSave and putting in $25. Where else can you get 100% return on your money? Every state employee should do at least that much if not more. SoonerSave has a wide array of investments including secure savings accounts and the Stable Value option, as well as several great mutual fund options. Every cent you save through SoonerSave, as well as any earnings, is tax deferred. This means you don't pay tax until you withdraw your money in the future, typically at retirement. SoonerSave allows you to have a lower tax burden now and more money for retirement. Go to www.SoonerSave.com for more information.

Another savings program available to state employees, state retirees and all Oklahoma citizens is the Oklahoma College Savings Plan. It's another way to save that has several tax advantages such as a dollar for dollar tax credit on state income tax up to $2,500 per account per taxpayer. On federal income taxes, an account holder doesn't pay tax on their account earnings either. Parents, grandparents and others can set up accounts for our young people to pay for that all important college education. Go to www.ok4saving.com for information on that program.

How Much Will I Get?

There is a benefit formula to figure how much you will receive each month at retirement. For regular members*, the formula is:

Final Average Compensation x **Service Credit** x **2% ÷ 12**

Final Average Compensation	Service Credit
Average for the highest 3 of the last 10 years, including longevity pay	Total years and months, rounded to the nearest full year

Example: $40,000 x **25 Years** x **2%** ÷ **12 = $1,666.67 per month**

** Benefit formula is different for other members.*

Address Change Alert!

Have you had a recent address change due to the implementation of an emergency response system in your area? Even if you have not moved, your address may have changed for this reason. Please send your new address information to us at: OPERS, P.O. Box 53007, Oklahoma City, OK 73152. Include your Social Security number and original signature. You can also download our Change of Address form at www.opers.state.ok.us/forms.

Four Types of Retirement Benefits.

Maximum (Single-Life Annuity): This is the full benefit amount. It is paid to you for your lifetime and stops when you die. No benefit is paid to your survivor.

Option A (1/2 Joint and Survivor Annuity): This is a reduced benefit amount that is paid to you for your lifetime. After your death, **half** of the amount you were getting will be paid to your survivor for his or her lifetime.

Option B (100% Joint and Survivor Annuity): This is a reduced benefit amount that is paid to you for your lifetime. After your death, the **same** amount you were getting will be paid to your survivor for his or her lifetime.

Option C (Single-Life Annuity with a 10-Year Term Certain Period): This is a reduced benefit amount that is paid to you for your lifetime. If you die within 10 years, the same amount you were getting will be paid to your beneficiary for the rest of the 10-year period. If you live longer than 10 years, the benefit stops at your death.

Important Conditions

- If you are married and choose any type of benefit other than Option A with your spouse as your survivor, your spouse must consent to your choice.

- If you take a disability retirement, you may not choose Option B or C.

- If you choose Option A or B and your survivor dies before you do, you may ask to have your benefit amount increased to the maximum amount for the rest of your lifetime. No other change in type of benefit can be made after you retire.

Durable Power of Attorney

There are occasions when OPERS members become incapacitated or are unable to make decisions for themselves - sometimes with little or no warning. Over the years, our staff has seen the following scenarios occur when members have made no provision for incapacity:

- A retiree is moved to a nursing home or hospital and is not able to complete the document to reroute his benefit check;

- A member is eligible to retire, but is incapable of completing an application;

- A member's beneficiary dies and the member is unable to designate another person.

Some members avoid situations like these by executing a durable power of attorney. This is a legal instrument that is used to delegate legal authority to another person. It is effective until your death, or until you revoke it.

"Legally, OPERS cannot allow a family member to act on a member's behalf unless legal provisions have been made for it, such as a durable power of attorney, legal guardianship, etc.," said Joe Fox, OPERS General Counsel. "We encourage members to plan ahead and allow for the unexpected."

A durable power of attorney is a simple and inexpensive way to plan ahead and choose who will handle your affairs in a difficult situation. If you do not have one, others may have to go to court to get the legal right to manage your affairs - and this may leave you vulnerable to bad decisions or even exploitation. It is sometimes difficult to consider the possibility of becoming incapacitated, but having a plan in place can keep a bad situation from getting worse.

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This summary is for informational purposes only. Individual requirements and benefits may differ, depending on circumstances. Consult the plan provisions or OPERS for detailed information.

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P.O. Box 53007
Oklahoma City, OK 73152-3007

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