

# Retiring Right

A Publication of the Uniform Retirement System for Justices & Judges

Judicial Edition

URSJJ  
newsletter

## Third Quarter, Summer 2005

### House Bill 1858 Makes Significant Changes

Effective September 1, 2005, House Bill 1858 will affect the survivor benefits for some URSJJ members and establish a single contribution rate for all members. The benefit structure will more closely resemble the one offered to state and local government employees under the OPERS plan by offering two joint and survivor annuity options.

In the current system, single members pay 5% with no survivor benefits and married members pay an extra 3% so that their surviving spouse will receive a survivor benefit at his or her death.\*

The new provisions apply to all members, except those who retire before September 1, 2005. As of that date, retirement contributions paid by members will be 8% of salary for every member. The lower (5%) rate, for members who are unmarried or did not elect survivor benefits for a spouse, ends as of that date.

#### At retirement, members may choose from the following:

1. Maximum; or
2. Option A; or
3. Option B.

Those who previously elected and continued to pay the additional contributions for the spouse survivor benefit are entitled to a 4th choice that will be designated as the "Original Surviving Spouse Plan".

#### Here is a brief description of each option:

**Original Surviving Spouse Plan:** This is the full benefit amount. It is paid to you for your lifetime, and after your death, your surviving spouse draws 50% or more of your benefit amount for his or her lifetime. This is available only to eligible members.

**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 a survivor or joint-annuitant.

**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 joint annuitant 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 joint annuitant for his or her lifetime.

#### Important Conditions

*If you are married at retirement, your spouse must consent if you choose:*

- Maximum with NO survivor benefits; or
- Option B; or
- Someone other than your spouse as your joint annuitant.

*\* Some married members may be paying 5% if they irrevocably waived the survivor benefit option.*

### The Director's Corner

by Tom Spencer,  
OPERS Executive Director

### Three-legged Stool Or Pogo Stick?

First let me confess that I stole this title from some other author but I can't resist catchy headlines. So what the heck am I talking about? Any of you who have attended a financial planning session or seminar know what the "3-legged stool" is in terms of planning for retirement. It refers to the three (3) sources of retirement income: pension, Social Security and personal savings. Most financial planners will tell you that all three are needed if you have any hope of enjoying your golden retirement years. The "3-legged stool" description is not only important to identify these three income sources but it also conveys the image of something solid. It won't wiggle much when we sit on it. As a matter of fact, even if one leg comes up a little short, you can still sit on it. With all of the discussion of Social Security reform and State legislatures actively discussing the abolition of defined benefit pensions in favor of

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“IRA-like” accounts for public employees, will future public employees have a 3-legged stool to rest on in their retirement?

Currently OPERS members and most public employees have a defined benefit pension which will pay us an annuity for our lifetime. Virtually all of us are covered by Social Security that “currently” pays a benefit to us for our lifetime. Virtually every good financial planner will recommend that we invest our personal savings in a wide variety of investments. You should have stock, fixed income, interest bearing accounts and maybe even some real estate. Diversifying your assets is safer than being in only a single type of investment. The SoonerSave program for state employees has many of these options which is a sound way to save. There may be some risk in your holdings but you currently have those two (2) other “legs” to rely on.

The Social Security reform being discussed would place Social Security funds in individual accounts. They would presumably be placed in mutual funds which hold common stocks and bonds. If our defined benefit plan is scrapped and a defined contribution plan is put in its place, it too would presumably be placed in a similar array of investments. If public employees have private accounts for both our Social Security and our pensions, we will essentially be on our own with all of our retirement assets invested in the stock and bond markets. All of the investment risk will be on us as individuals. It won't be a 3-legged stool any longer. We will be bouncing into retirement on a pogo stick.

## CPA Firm Contacts Selected Members

OPERS and its Board of Trustees have engaged a certified public accounting firm, Finley & Cook, PLLC, to perform internal auditing procedures for the System. As a part of these procedures, Finley & Cook periodically selects a sample of OPERS members for confirmation of certain information contained in OPERS records related to these members. A letter containing the information to be confirmed is prepared by OPERS on its letterhead and mailed by the auditors to the selected members. The letter requests a response directly to the auditors as to the correctness of this information. Direct verification of data by the auditor is a significant part of OPERS' system of internal controls and member cooperation and participation in the process is important. This confirmation process is authorized by OPERS. However, if you receive such an inquiry and have questions or concerns about it, you can contact OPERS at (405) 858-6737 or 1-800-733-9008.

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

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