

Retiring Right

A Publication of the Oklahoma Public Employees Retirement System



Retiree Edition

Fourth Quarter, Autumn 2006

What's on the Website

The OPERS website has about 350 visitors a day. Both active and retired members can quickly discover a wealth of information and tools at their disposal. In fact, almost any information you would find in an OPERS handbook, brochure, manual or newsletter is available on our website. If you have not been to the OPERS website lately, here is a short list of some of the things you're missing there:

News & Special Topics:

A prominent section on our homepage where we post the latest news, such as alerts, rule changes, special notices, etc.

Benefit Estimator:

An online educational tool that provides informal calculations of normal retirement dates and approximate benefits for regular state and local government members.

Forms:

Page with links for our most frequently-used forms for downloading and printing.

Publications:

Clearinghouse of past and present publications where you can read (and search) the Member Handbook, the Retiring Right Newsletter,

Comprehensive Annual Financial Reports, brochures, and other publications.

Legislation:

Page that summarizes the OPERS-related legislation from the previous session.

Seminars:

Section specifically for those members preparing for retirement who want to attend a pre-retirement seminar. It provides information about the topics covered, the schedule & location of future seminars, as well as when each one opens for registration.

Search:

Homepage tool where you can enter key words or phrases to find specific information within the OPERS site.

The OPERS website address is www.opers.state.ok.us.

The Director's Corner

by Tom Spencer,
OPERS Executive Director

What's Wrong With Populism?

Most native Oklahomans know that the men who crafted Oklahoma's original Constitution were ardent populists. They distrusted big corporations. They distrusted any sort of

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powerful central government. Our poor old Constitution has been beaten up and battered over the last 20 years. It has been maligned as being too long, too detailed, and too strict. As a result our current Constitution bears little resemblance to the 1907 version in many ways. Some changes have been by amendment and other changes have come through court decisions. Our State's founding fathers would be shocked that their grandsons and granddaughters in our state government can grant tax exemptions for a myriad of special interests, and can now borrow hundreds of millions of dollars without a vote of the people. Many legislatures over the past several decades have also added indirect debt to future taxpayers by increasing public pension benefits without adequately funding them. The result is that the State of Oklahoma has over \$10 billion in unfunded pension debt. It now appears that as far as Oklahoma's two largest pension systems (OPERS & Teachers) the madness may be over.

The Oklahoma Legislature passed the "Oklahoma Pension Legislation Actuarial Analysis Act" in 2006. The model legislation was based largely on statutes from Georgia adopted 20 years ago. Georgia has both a Teachers and a Public Employees retirement system. However Georgia's pension systems are virtually fully funded with no "debt" owed by the State of Georgia. The

legislation is pretty straight forward. All retirement legislation with fiscal impact must have an actuarial study done to measure the cost. The bill cannot be passed unless it is paid for. Any such legislation can only be introduced in odd-numbered years and voted on in even-numbered years. No more last minute insertions of expensive legislative language! Is this legislation a silver bullet? No. The Oklahoma Teachers Retirement System will require major surgery to get healthy again. OPERS might need a little "out-patient" surgery and a better diet of contributions. However the new legislation should stop the endless spiral of pension debt so we can all work to make our systems healthy again.

Webster's Dictionary defines a populist as "a believer in the rights . . . of the common people." Requiring our elected representatives to pay for the obligations they create is a populist notion. Many believe that Thomas Jefferson was a bit of a populist. He knew the potential harm of unrestrained government debt. Jefferson said that he viewed "public debt as the greatest of the dangers to be feared." Frankly we need a dose of this type of populism so that our government works for the common good of the common people. Passing along billions of dollars of debt to future generations is simply wrong. Oklahoma's new pension legislation is a step in the right direction. Alfalfa Bill would be proud.

Good News About Aging and the Brain

You probably know people who have reached a very old age and are still as sharp as ever. While genetics plays a part in the aging process, how we live day-to-day is also very important. Proper diet and exercise certainly help, but keeping strong social connections and engaging in stimulating mental activities can help us keep our edge.

You may be surprised to learn that brain researchers now say that our brains are just as capable of learning in the second half of life as in the first half – it's just that learning may take a bit longer. However, once we fully learn something new, we tend to retain it equally well as our younger counterparts.

The brain can actually grow new cells during aging, and one way to boost this process is to challenge yourself. Tackling puzzles, playing word games, starting a new hobby – all of these things can keep us sharp as we get older. Research also indicates that some of the mental declining that accompanies aging isn't as bad as we once thought, and that some skills actually improve with age – such as vocabulary. With this rich vocabulary comes the understanding of how to use the words more effectively through our past experiences.

So, in some ways, the brain is like a fine wine that grows richer through the priceless wisdom we acquire.

***"Knowledge comes, but wisdom lingers."
—Alfred Lord Tennyson***

Change in Option C Provisions

When most OPERS members retire, they choose one of four types of benefits, or “options”. These options are Maximum, Option A, Option B and Option C. The type of benefit chosen determines if any benefits continue after the retiree’s death, and if so, how they are distributed.

Option C is a single life annuity with a ten-year certain. This means a slightly reduced retirement benefit is paid to the retiree for life, and if the retiree dies within the first ten years, the payments will be made to one or more designated beneficiaries for the balance of the ten years. If the retiree lives longer than 10 years after his or her retirement date, the retiree’s benefit continues, but no monthly benefits will be paid upon the retiree’s death.

House Bill 1179 XX makes minor changes to the Option C benefit. The changes deal with situations where an Option C retiree or a designated beneficiary dies within the 10-year period. If the retiree dies within the 10-year period and his or her designated beneficiary is already deceased, the person responsible for the estate of the deceased retired member shall now be given the option for the estate of the retiree to either 1) receive monthly benefits for the remainder of the ten-year period; or 2) receive the present value of the remaining benefit payments in a one-time, lump-sum distribution. If the retiree dies, and the beneficiary begins to receive the benefit, but dies before the expiration of the 10-year period, the person responsible

for the estate of the beneficiary can either 1) receive monthly benefits for the remainder of the 10-year period; or 2) receive the present value of the remaining benefit payments in a one-time, lump-sum distribution.

Direct Deposit Alert

If you are planning to change the account where OPERS deposits your monthly benefit, there are some important facts you should know, even if you are staying with the same bank.

First, you must use the OPERS Direct Deposit Authorization form to make the change. To get a form, you can download it from the OPERS website at www.opers.state.ok.us/forms or call us and request one be mailed to you. When we receive your new form, we check it carefully before your monthly benefit is routed to the new account.

The account change is not instantaneous. In fact, the completed form must be received by the 5th day of a month in order for the change to be effective at the end of that month. Along with the form, you must submit either a pre-printed check or a personalized document from your financial institution that provides your new routing and account numbers. With each new Direct Deposit Authorization received, our accounting department does an electronic test to verify the new account’s existence as a security precaution. For these reasons, we recommend you plan ahead and leave your old account open until the process is completed. This will help to avoid problems or delays, and allow us to process your account change smoothly.

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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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