

Retiring Right

A Publication of the Oklahoma Public Employees Retirement System



Retiree Edition

Second Quarter, Spring 2007

Returning to Work After Retirement...

People work after retirement for many reasons. It's important to understand if and how your retirement benefits may be affected if you decide to return to work for an agency that participates in OPERS. It's also important to remember that your current employer cannot enter into an agreement with you while you are still working, to rehire you after your retirement. This can be regarded as a sham retirement which violates IRS regulations.

Essentially, your ability to work for an OPERS employer depends on:

- The type of employer you work for;
- Your age;
- How much you earn.

If you are retired and return to work with an employer that is **not** covered by OPERS, there are no employment restrictions—you

SOCIAL SECURITY FULL ELIGIBILITY*

Year Born	Full Eligibility Age
1939	65+4 months
1940	65+4 months
1941	65+8 months
1942	65+10 months
1943-54	66
1955	66+2 months
1956	66+4 months
1957	66+6 months
1958	66+8 months
1959	66+10 months
1960-later	67

**From the Social Security Administration's web site at www.ssa.gov.*

can work as soon and as much as you wish with no effect on your OPERS benefit. (Remember though, Social Security has certain income limitations that apply to your Social Security benefit.)

If you return to work with an OPERS participating employer, check our basic rules to protect your benefits:

1. You cannot return to work for an employer that participates in OPERS within the first month after retirement, or your retirement will be cancelled. If you are rehired by the same employer as soon as your first

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The Director's Corner

by Tom Spencer,
OPERS Executive Director

Real Social Security Reform

Did you know that some Congressmen recently held hearings in Illinois on the financial problems of public pension plans? "I'm from the federal government and I'm here to help." The federal government is going to teach state and local governments how to properly finance retirement obligations? They've done such a great job with the Social Security System so where do we sign up for this "help"? To be sure, public pension systems have some fiscal issues that need to be addressed. But I think State and local policymakers are finally starting to "get it" and they know that they must keep benefit promises in balance with the public money being set aside to pay for them.

The debate in Washington over Social Security has apparently been divided into two camps. There are

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month of retirement expires, this raises the appearance of a sham retirement. Your employer cannot agree before you terminate employment, to rehire you after you retire.

2. If you return to work with a participating OPERS employer, you must participate in OPERS by paying retirement contributions no matter how many hours you work or the nature of the work (temporary, seasonal, permanent, etc.) You also must complete the Post-Retirement Employment form. As noted below you are limited to what you can earn from an OPERS employer when you are already collecting an OPERS retirement benefit.
3. You continue to accrue service credit while working for a participating employer, which may increase your benefits. You will have to choose to either (A) continue receiving benefits, subject to earnings limits, or (B) waive the receipt of benefits while employed. Each of these choices is explained below:

A. Continuation of Retirement Benefits While Working

You can continue to receive benefits while you are working, but unless you are eligible for full Social Security retirement (see table on page 1), benefits will cease if your salary exceeds the allowed earnings

2007 EARNINGS LIMITATIONS		
Born after February 28, 1942:	Age 64 and turn 65 + 10 months in 2007:	Age 65 + 10 months and older:
\$12,960	\$34,440	No Limit

restrictions during that calendar year. When you exceed the allowed earnings restriction, your benefits stop for the rest of that calendar year. Your benefits will resume at the beginning of the next calendar year until your salary meets the allowed earnings restriction for that calendar year.

EXAMPLE	
If you earned \$12 an hour for 2,076 hours, the increase in your monthly benefit would be \$41.52	$ \begin{array}{r} \$24,912 \\ .02 \\ \times 1 \text{ (year)} \\ \hline \$498.24 \\ \div 12 \\ \hline \$41.52 \end{array} $

Each month you work for a participating OPERS employer and contribute to OPERS, you accrue service credit. Every additional year (2,076 hours) of full-time-equivalent service will increase your benefits. The increase occurs in January of each year if you have accrued those hours by June 30th of the previous year. Benefit increases are based upon the compensation earned during the 2,076

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those that think the current system is fine and no changes are required. There are those who want to completely throw out the current system and replace it with individual accounts. There is one idea that I think deserves attention that could help preserve Social Security. However, I'm not suggesting that it is a solution in and of itself.

According to the Public Fund Survey, the public pension systems have an aggregate funded ratio of 86%. That means that, contrary to the federal government, public entities have pre-funded most of their pension liabilities. In other words, the public pension systems have hundreds of billions of dollars invested in real assets like stocks, bonds, and real estate to pay retirees for years to come. What does Social Security have in its trust fund? They have nothing but a collection of federal government IOU's. I wish I was making this up.

What the federal government needs to seriously think about is investing our Social Security funds in assets that could appreciate over time. What would be wrong with putting 25-50% of the trust fund into index equity funds which have very low management fees? This is precisely what has been suggested in several independent studies on Social Security. The National Academy of Social Insurance published a study in February of 2005 and the National Conference on Public Employees Retirement Systems published a similar proposal. This won't fix Social Security by itself but it could very well help over time. It might pump new dollars into the financial markets and also provide a lower cost of capital for the U.S. economy. This could be done without getting rid of the basic structure of Social Security as a lifetime annuity.

accrued hours. The compensation is inserted in the benefit formula with one year of service (see example).

B. Waiver of Retirement Benefits While Working

You can waive the receipt of your retirement benefits while employed with a participating OPERS employer. Then, no earnings limitations apply and you may retire for a second time after accruing the equivalent of 36 consecutive months of full-time service credit. All of your service credit (before and after retirement) will be recomputed based upon the law governing OPERS at the time of your second retirement. When you retire the second time, you may also reselect a retirement option.

911 Address Changes

Can your address change if you haven't even moved? Yes - it can if you have been affected by the new 911 emergency system, officially called the "Locatable Address Conversion System." If this applies to you, please complete an OPERS Change of Address form and submit it in order to continue receiving important retirement information. It's important to submit the change before the Post Office stops recognizing many rural route addresses.

You can get a Change of Address form from your Retirement Coordinator, or you can download it from the OPERS website at www.opers.state.ok.us/forms.

Retired DPS Employees Invited

The Retired Oklahoma Troopers Association is extending an invitation to retired civilian Department of Public Safety employees to begin attending their quarterly meeting. The next meeting in Oklahoma City is scheduled for April 21, 2007, at the Hometown Buffet, located at 1012 S. W. 74th Street. If you plan to attend, please contact Derral Punneo at 405-691-6361.

Centennial Activities

Oklahoma celebrates its 100th anniversary of statehood in 2007! Communities and organizations across the state are getting ready with various activities. Here are a few we thought might be of interest to our retirees. For a complete list of Centennial activities, visit the Oklahoma Centennial Commission's website at www.oklahomacentennial.com. For those of you without Internet access, call (405) 228-2007.

April 20: McAlester's KEDDO Senior Day

A day for senior citizens from seven counties to come together for a picnic style lunch, bingo, health fair, "Senior Idol" competition, and contests.

Contact Person: Kim Rose, 918-465-2367

May 6: Okmulgee's 50's Bash Town Square, Okmulgee Main Street

Features an old-fashioned box lunch auction, 50's music with a live band; including a 50's dress contest and a twist contest. Activities for the kids include a bubble-blowing contest and a hula-hoop contest.

Contact Person: Nolan Crowley, 918-758-1015,
okmulgeemainstreet@sbcglobal.net

May 8-10: 32nd Annual State Conference on Aging

To honor and celebrate the contributions made by older adults and to recognize centenarians for their historical significance. The theme is the Oklahoma Centennial and

commemorating 100 years of statehood.

Contact Person: Lance Robertson, 405-488-7314

July 26-28: 2007 Centennial Celebration of Quilts

Cox Convention Center Oklahoma City

The mission of the Central Oklahoma Quilt Guild is to stimulate interest in quilts; to promote and advance the art of quilt-making; to conduct educational programs and services in all aspects of quilt-making; and to preserve our quilting heritage and traditions.

Website www.centralokquilters.org

Contact Person: Evelyn S. Day, dday10@cox.net

September 7-13: Oklahoma Senior State Games

Oklahoma City

Statewide Olympic-style sports festival for persons 50 years and older. (Expected participation of 400-800 contestants.) This is the 21st Anniversary, but first time in Oklahoma City.

Contact Person: Doug Paulsen, 405-681-3266, www.okc.gov

October 14: Oklahoma Centennial Parade

Downtown Oklahoma City, 2:00 p.m.

A spectacular parade in the tradition of America's grandest parades will sweep through downtown Oklahoma City, as part of Oklahoma's Centennial Celebration. Magnificent floats, spirited bands, gigantic balloons and award-winning performers will present 1½ hours of continual entertainment. Oklahoma's autumns typically provide warm and clear weather, and free general admission and reasonably priced reserved seating offer everyone a good view.

November 9-11: Oklahoma Red Hat Convention

Oklahoma City Biltmore Hotel

Red Hat Ladies are hosting their Annual Oklahoma State convention.

Contact Person: Wynelle Record 405-728-3365,
www.orgsites.com/ok/okconv07

NOV. 16: STATE HOLIDAY TO ACKNOWLEDGE OKLAHOMA'S STATEHOOD DAY



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