

Retiring Right

A Publication of the Oklahoma Public Employees Retirement System



Retiree Edition

Second Quarter, Spring 2008

Economic Stimulus Act of 2008

How the stimulus payment works, who it impacts

The Economic Stimulus Act of 2008 will provide 130 million U.S. households with some level of tax relief. **You must file a federal tax return for 2007 to be eligible for the stimulus payment.** This filing requirement applies to some people who do not normally file, including many low-income households and recipients of Social Security, certain benefit recipients from the Department of Veterans Affairs and certain Railroad Retirement benefit recipients.

Most working people will receive between \$300 and \$600 if filing single or \$600 and \$1,200 if married, filing jointly. The payment is not taxable and will not reduce your 2007 or 2008 refund or increase the amount you owe when you file your 2008 return.

Basic Eligibility Requirements

- You must file a 2007 tax form, i.e., Forms 1040, 1040A or 1040EZ, if you have at least \$3,000 of qualifying income. The payment will be available to everyone with adjusted gross income less than \$75,000 for single filers and \$150,000 for married couples filing jointly.
- You also are eligible to receive an additional \$300 per child.
- Recipients of Social Security and certain veterans' benefits are also eligible for stimulus payments. Those who receive at least \$3,000 from any combination of benefits from these programs will receive the payment.

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The Director's Corner America's Debt Burden

Tom Spencer, Executive Director

Subprime mortgages. Had any of you even heard of such a thing until the last few months? "Subprime" sounds harmless enough. I guess it is a better marketing term than, say, "risky" or "potentially worthless." Fortunately for OPERS, we didn't have any direct exposure to these novel little investments. Other public funds and private investors weren't so lucky.

This financial debacle came about for several reasons. First, Americans have developed an insatiable appetite to take on debt without much concern over our ability to repay it. Even lenders were foolish enough to extend credit to those who shouldn't have qualified. There are also those on Wall Street who will always think of

(Continued on page 5)

Retirees are Overspending and Optimistic

Recent study shows a false sense of security in retiree spending habits

Most financial advisors recommend withdrawing no more than 4 to 5 percent of your retirement savings on an annual basis in your golden years.

According to the fourth annual Retirement Survey conducted by Wachovia Corporation, 28 percent of those they surveyed withdrew 10 percent or more of their retirement savings every year. The study reported that only 38 percent of retirees were withdrawing the recommended 5 percent or less.

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Advancing Age of the Workforce

Employers are in need of retired employees

The first wave of baby boomers is beginning to apply for Social Security benefits. The article on page 3 highlights the first baby boomer to apply for Social Security. The pending retirement of this generation is causing a dynamic change in America. According to the U.S. Census Bureau, by 2030, 19.7 percent of the population, or about 71.5 million Americans, will be 65 or older, compared with just 12.4 percent in 2000. The aging of the population has many implications for the U.S. labor market, including possible labor and skill shortages. Employers will be challenged to find and train replacements as some of their most experienced workers retire.

Employers are in need of experienced and knowledgeable employees. The large numbers of the workforce becoming eligible to retire may find more job candidates coming from the ranks of the recently retired. Years of work experience, organizational knowledge, and historical perspective are making retired members prime candidates to maintain a competent workforce.

For many of us, work is something that defines who we are and helps us stay productive and socially engaged. Maintaining that tie to the working world is also becoming a necessity to maintain financial security. Between 2004 and 2014, the number of people in the labor force between the ages of 55 and 64 is projected to increase by 42.3 percent, and the number of labor force participants age 65 and older is expected to grow by nearly 74 percent. (*Bureau of Labor Statistics, 2007*)

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Depending on how well members plan for retirement, post-retirement employment may become more than a luxury. In retirement literature, a three-legged stool is used to illustrate the three income streams that support people in retirement: Social Security, employer-sponsored retirement plans, and personal savings and investments. We are living longer and the cost of living continues to rise. The three-legged stool has evolved into a four-legged chair to include post-retirement employment as an added source of income to meet our basic financial needs. See the article on page 1 regarding how well some retirees are doing on spending their retirement income.

Direct Deposit

The safe, convenient way to receive your OPERS benefits

Direct deposit is the safest and easiest method for receiving your monthly OPERS benefit payment. Every month, your benefit payment will be electronically deposited in to your checking or savings account on the **last working day**. You will have immediate access to your retirement funds without concern of a check arriving late or getting lost in the mail.

To apply for direct deposit, download the form from the forms page at www.opers.ok.gov/forms.

Here are the remaining direct deposit dates for 2008:

2008

May 30

September 30

June 30

October 31

July 31

November 28

August 29

December 31

First Baby Boomer Applied for Social Security

Avoid the rush, apply online

The first baby boomer applied for early Social Security benefits on October 15, 2007. Kathleen Casey-Kirschling, a retired school teacher, was born one second after midnight on January 1, 1946, and received her first Social Security check in February 2008. This event marks the beginning of the first wave of baby boomers who will turn 62 this year and become eligible for early retirement benefits.

Social Security Commissioner Michael Astrue said the agency is bracing for a substantial increase of Americans to apply for retirement benefits over the next two decades. "We are already feeling enormous pressure from baby boomers being in their peak disability years and now we're preparing for so many of them to file for retirement."

Over the next two decades, nearly 80 million Americans will become eligible for Social Security benefits—*more than 10,000 per day*. To prepare for this wave of filers, Social Security has developed a wide range of online services. Applying for benefits online is secure and convenient. The online application takes approximately 20 minutes to complete and is very easy to use.

"The volume of retiring baby boomers in local offices is high," Social Security spokeswoman Linda Zamfino said. "The online process is easy and convenient, and those who use it get priority service."

You can apply for benefits on the Social Security website at www.socialsecurity.gov. Applicants who do not have access to the Internet can call (800) 772-1213, or visit their local Social Security office to apply for benefits.

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nearly 80 million Americans
will become eligible for
Social Security benefits—more
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The screenshot shows the Social Security Online website. At the top, it says "Social Security Online" and "The Official Website of the U.S. Social Security Administration". There are navigation tabs for "About Us", "Questions?", and "Contact Us". A search bar is on the right. The main content area is divided into several sections: "What you can do online" (Apply for benefits, Replace your lost, stolen or damaged Medicare card, Request a Proof of Income letter, Change address/phone number, Find a Social Security office, More online services...), "News" (Social Security Holds Second Public Hearing on Compassionate Allowances, Social Security Trustees release 2008 Annual Report, Social Security offers positions to 144 ALJs, Stimulus payment questions?, Nation's first Baby Boomer receives her first Social Security retirement benefit, Commissioner Astrue commends President's FY 2009 Budget Request, Plan to eliminate the hearing backlog and prevent its recurrence), "Your Social Security records" (Your number & card | Your Statement), "Retirement" (Plan your retirement | Calculate your benefits, Qualify & apply | Already receiving benefits), "Medicare" (Medicare Prescription Drug Plan | Other Medicare information), "Disability & SSI" (Qualify & apply | Already receiving benefits, Ticket to Work | Adults disabled before age 22, More disability information | SSI for people 65 and older), "Widows, widowers & other survivors" (Report a death | Qualify & apply, Already receiving benefits), "Get help with your situation" (Marriage, divorce, and name changes, Birth of a child | Death in the family, Disagree with our decision? | More situations...), "Business Services Online" (Govt to Govt Services Online), and "ELECTRONIC RECORDS". There are also links for "Español", "Other Languages", "Need BIG Text?", "Receive updates by email", "Login", "Frequently Asked Questions", "Information for: The Press, Congress, Employers", "Useful links" (Benefit Eligibility Screening Tool (BEST), Careers with us, About Social Security's future, Actuarial resources, Our program rules, Forms | Publications), "Full Retirement Age is increasing from 65 to 66...67", and "eNews" (Check out our latest electronic newsletter). The footer contains "USA.gov", "Benefits.gov", "Privacy Policy | Website Policies & Other Important Information | Site Map | Mission | FOIA | Regulations.gov | No Fear Act Data | This is a U.S. Government computer system subject to Federal law", "ExpectMore.gov", and "mymoney".

(Economic Stimulus continued from page 1)

Low and moderate-income workers, including veterans, can get free tax help through the Volunteer Income Tax Assistance (VITA) program. Call 1-800-906-9887 to locate the nearest VITA site.

The Tax Counseling for the Elderly (TCE) Program provides free tax help to people age 60 and older. AARP offers the Tax-Aide counseling program at more than 7,000 sites nationwide during the filing season. To find an AARP Tax

Aide site, call 1-888-227-7669 or visit the AARP Web site at www.aarp.org.

The Internal Revenue Service will begin issuing stimulus payments in early May. The IRS recommends choosing direct deposit when you file, but paper checks are also available and will be mailed starting May 16. There is an Economic Stimulus Calculator on the IRS website, www.irs.gov, which can help you estimate the amount of your payment.

Oklahoma's Growing Health Risks

What you need to know about those extra pounds

The U.S. Centers for Disease Control and Prevention (CDC) has been tracking obesity rates in our country for the last 20 years. The state of Oklahoma, like much of the country, has grown increasingly obese. Across the board, more and more of our population is overweight, obese, morbidly obese or generally unhealthy. Most states are seeing an increase in the number of citizens who fall into these categories, but Oklahomans are growing at a more rapid pace.

More than 880,000 Oklahoma residents are considered obese and approximately 177,000 are morbidly obese (more than 100 pounds overweight). These are staggering numbers and the picture is getting worse. Individuals who are obese have a 50-100 percent increased risk of premature death from all causes, compared to individuals with a healthy weight.

Being overweight or obese increases the risk of many diseases and health conditions, including among others:

- High blood pressure (Hypertension)
- Heart disease
- Some cancers
- Type 2 diabetes
- Stroke
- Osteoarthritis
- Sleep apnea and respiratory problems

Doctors generally agree that the more obese a person is the more likely he or she is to have health problems. By losing as little as 5-10 percent of your body weight, you can significantly reduce the risk of health problems.

So, what can be done? In Oklahoma City, Mayor Mick Cornett has put the city on a diet. He has pledged that Oklahoma City residents will collectively lose one million pounds before the end of 2008 in order to create a healthier future for Oklahoma. To date, more than 15,000 have registered to participate and have collectively lost more than 23 tons of weight. Great job, OKC! For more information on this initiative, go to www.thiscityisgoingonadiet.com.

State employees also have the OK Health Program available to them. This program provides professional health mentoring, self-study modules, and resources for the treatment and prevention of cardiovascular disease and diabetes, as well as assistance in weight control, physical activity, smoking cessation, stress management and nutrition. Active state employees can enroll at any time during the year. For more information on this program, visit the Employee Benefits Council at www.ebc.state.ok.us.

Understanding Your BMI

Source: MSN Health & Fitness

Body mass index (BMI), which was established in 1998 by The National Institute of Health, estimates a person's body fat and health risks. For most people, the BMI provides a more accurate estimate of a person's weight-related health risks over the standard height and weight tables or weight alone.

The BMI estimates your percentage of body fat using your height and weight. Based on this estimate, if your BMI numbers are at or above 25, you are considered unhealthy and could be at an increased [health] risk.

Please keep in mind that the BMI is only a guide and is not perfect. BMI does not consider individual factors such as bone or muscle mass to provide a more accurate assessment of your overall health. For example, if you are physically fit, your BMI may be high or if you have low muscle mass, BMI may underestimate your body fat. Also, if you have excess abdominal fat, BMI may inadequately evaluate your health risks.

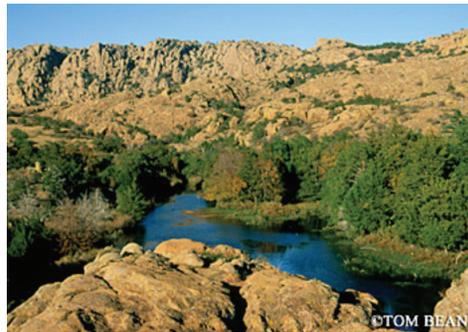
Therefore, please use the BMI as an estimate only of your body fat and health risks. We recommend you consult with your doctor to receive a more accurate evaluation.

RECREATION

Wichita Mountain Wildlife Refuge

Are you looking for a way to spend some quality time outdoors now that we are getting glimpses of good weather? The Wichita Mountain Wildlife Refuge offers an escape from the everyday and will introduce you to the great outdoors. Hiking, camping, picnicking, fishing or observing Oklahoma wildlife are just a few of the activities available.

The Refuge, established in 1901, is more than 59,000 acres of untouched Oklahoma beauty. The natural grasslands escaped destruction because of the rocky terrain.

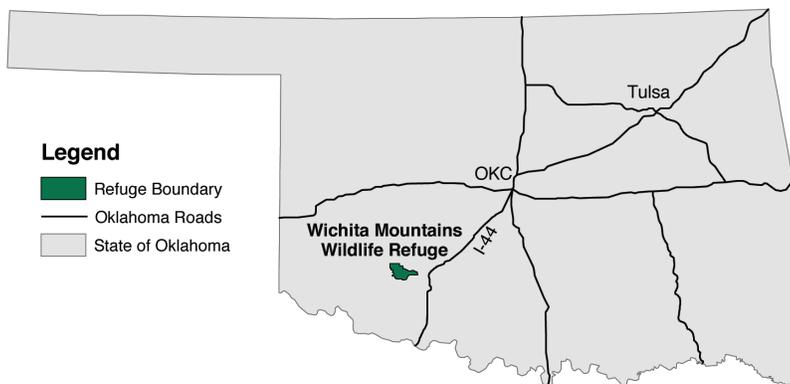


The refuge supports a vast number of mammal, bird, reptile and amphibian, fish, and plant species that thrive on this important natural resource.

The Visitors Center offers public tours for \$5 per person with reservations. These tours offer a glimpse of our environment in its natural state and include: Spring Wilderness Hike; Wildflower Walk; Wildlife Tour; Under the Cover of Darkness.

The Wichita Mountains Wildlife Refuge is located in the southwest part of Oklahoma, just northwest of Lawton. For more information, you can go to www.fws.gov/southwest/refuges/oklahoma/wichitamountains or call (580) 429-3222.

Location Map for Wichita Mountains Wildlife Refuge



(Director's Corner continued from page 1)

creative ways to make a buck while leaving others to pick up the tab and pick up the pieces. We then had a financial meltdown which hurt an already slowing economy. It has led to the demise of Bear Stearns, one of the oldest and most respected investment firms in the United States. What's the obvious answer to these financial woes? Our government is borrowing money to send us all checks to "stimulate" the economy. Someone please come revive me because I just fainted.

I don't want to scare anyone but I have some alarming statistics to share with you. In a column I wrote back in 2005, I quoted some statistics about personal and governmental debt. I told you then that the average American household owed \$18,654 in consumer debt not including mortgage debt. That figure is now up to \$22,727 per household according to the Federal Reserve (\$30,069 according to the Office of Management and Budget). The consumer debt number in 2005 included an average of \$8,000 per household in credit card debt. That is now up to \$8,700 per household in 2008. In early 2005, our national debt stood at \$7.7 trillion, which was double what it was in 1991. That is the equivalent of \$72,642 per American household. It has increased by 20% in three years and is now \$9.3 trillion or \$85,545 per household.

O.K., I am an unapologetic deficit hawk. I believe that borrowing money is a necessary evil. Anyone can appear "rich" by going on a borrowing / spending spree. When individuals do this, there is always a day of reckoning when their financial world comes crashing down around them. I suggest that it is far worse when our federal government goes on a borrowing and spending spree which has now gone on for decades. The federal government has virtually no restrictions on piling up debt. Unrestrained borrowing only creates the illusion of wealth. I fear that we are building our financial house on sand instead of bedrock. When will our federal government's day of reckoning arrive?

(Overspending continued from page 1)

The “good” news in the survey is that retirees are optimistic and feel confident they will not outlive their retirement savings. Ninety-one percent of respondents felt “confident” or “very confident” in their financial picture. The bad news is that less than half (47 percent) of those surveyed actually had a written withdrawal strategy and only 28 percent had a written retirement budget in place.

Professor Thomas Gilovich, chairperson of the Psychology Department at Cornell University and author of the book *Why Smart People Make Big Money Mistakes* said in response to the survey, “There is a general human tendency to discount the future and focus on the here and now, especially if the future may involve physical decline or isolation. As people age, they become very good at looking on the bright side and derive satisfaction with what comes one’s way.”

The three “greatest concerns” of retirees in the survey were deteriorating health, unexpected illness and the rising cost of health care. These three concerns highlight that unplanned events frighten most of us, yet many of us have not adequately planned for the “unexpected.”

The moral of the story is that, even though you are happy and celebrating a much-deserved retirement, make sure that you plan for the future and be conservative when spending your retirement nest egg.

Contact OPERS

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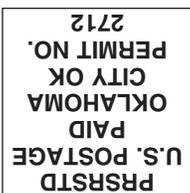
(800) 733-9008

Website:

www.opers.ok.gov

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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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