

Retiring Right

A Publication of the Oklahoma Public Employees Retirement System



Retiree Edition

Third Quarter, Summer 2005

Legislative Session Yields Few Changes

Despite the introduction of several retirement-related bills, the 2005 Regular Session of the Oklahoma Legislature produced few changes to the OPERS plan. Many members closely monitored the progress of bills proposing changes such as:

- Rule of 80 for all members, eliminating Rule of 90;
- The introduction of a Deferred Retirement Option Plan (DROP);
- Public safety employee retirement plan;
- Blended health insurance rates;
- Increase of the \$105 OPERS retiree insurance supplement.

None of these proposals were passed in this session.

"This was definitely a slow year in terms of plan changes," said Joe Fox, OPERS General Counsel. "But we will likely see several of these issues revisited in the next couple of sessions."

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.

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 "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

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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.

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New Employees:

Joe Fox:

Joe joined the OPERS team as General Counsel for OPERS in March. Before coming to OPERS, he served the Oklahoma House of Representatives as a staff attorney and General Counsel for more than 13 years. He graduated in 1983 from Oklahoma State University with a B.S. in Accounting and received a Juris Doctorate from the University of Oklahoma College of Law in 1987.



Andrea Gabel:

Andrea works at the front desk as an Administrative Assistant. Part of her job is answering the phone and greeting visitors. She started working for OPERS in April after working several years for Fleming Company. Andrea has lived in Oklahoma her entire life and currently lives in Shawnee.



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