

Retiree Edition Summer 2010

2010 Legislative Summary

The 2010 Session of the Oklahoma Legislature has adjourned and OPERS was impacted by a small number of bills that were passed and signed into law by Governor Henry.

House Bill 2363 created the Voluntary Buyout Reimbursement Revolving Fund to provide budget relief to state agencies. This fund provides reimbursement to state agencies that offer voluntary out benefits to retirement-eligible employees. Any state governmental entity, excluding institutions with the Oklahoma State System for Higher Education, may apply to receive reimbursement of eligible voluntary buyout expenditures provided to those employees who are offered a voluntary buyout and eligible for normal retirement as of the date of the buyout agreement.

As a condition of receiving reimbursement from the Voluntary Buyout Revolving Fund, the agency agrees to reduce full-time-equivalent employees by the number of positions within the buyout agreement for a period of at least 36 months. Those employees who were offered and accepted the buyout agreement may not return to work with the same agency for a period of at least three years.

Agencies may apply for reimbursement through the Office of State Finance no later than June 30, 2011.

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OPERS Adopts a New Look

Did this edition of the newsletter look strangely familiar to you when you pulled it out of the mailbox? Hopefully you noticed the new design and new logo that OPERS has adopted. Our communications crew has spent the last few weeks working on giving our many publications, forms and even our website a minor facelift to help keep our communication pieces fresh and informative.

You will continue to see our old logo (the familiar red oval) in circulation for a period of time as we move forward. However, we have updated all our critical forms that are available online, member handbooks, and seminar materials with a new look and feel.

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The Director's Corner

The "VOBO" Brain Drain

Tom Spencer, Executive Director

One of the side benefits of my job is getting to shake the hands of old friends when they arrive on our doorstep to retire. It's a good feeling to help carry them over the finish line at the end of their careers of public service. But one of the downsides to my job is seeing some of my friends and public servants leaving way too early, taking with them vast stores of institutional knowledge that cannot be replaced.

Desperate times call for desperate measures and I do not criticize our state leaders one bit for using every tool at their disposal to cut state expenditures to make the state budget fit in an ever-shrinking container. One of those tools is the "Voluntary Buyout" (VOBO) to help trim state agency payrolls to balance the budget. House Bill 2363 specifically targeted state employees who are eligible to retire to accept an incentive check and leave the state payroll. I'm just concerned with a strategy that may be encouraging some of our best and most knowledgeable public servants to leave at a time

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RETIREMENT 101

Five Emotional Stages of Retirement

A well-planned retirement means looking at more than just the money you need to survive once you leave the workplace. Retirement preparation requires a more thorough examination of your health needs and social engagement in addition to your financial planning. You know what you are retiring **from**, but do you know what you are retiring **to**?

What should you expect as you move to life after work? How can you prepare emotionally and financially to make each year of retirement rewarding? A 2005 study entitled *New Retirement Mindscape* by Ameriprise and Ken Dychtwald/Age Wave explored people's attitudes, worries, behaviors, ambitions and needs before and after retirement.

A key part of this study was highlighting that many people go through distinct emotional stages leading up to and into retirement. The following stages may affect people differently and at different times, but serve as a cautionary observation on the emotional changes you may feel when going through this dramatic life change.

Stage 1: Imagination (6 – 15 years before retirement)

During this stage, retirement is not necessarily at the top of your list of priorities. Many are juggling several other pressing needs, such as putting children through college, paying bills or pursuing their careers. However, as retirement draws closer, people in this stage increasingly turn their attention, purpose and energy to their retirement goals and preparation needs. In the study, people who were 6-15 years before retirement had very positive views about retirement, though only 44% felt "on track" in terms of preparation, and had high expectations of adventure and empowerment for their retirement.

Stage 2: Anticipation (Up to 5 years before retirement)

This stage is a time of great excitement and hope. Financial resources are almost in place and people begin to spend additional time planning for recreation, new hobbies, family and even post-retirement careers. However, in the year or two just before Retirement Day, there are some feelings of worry and doubt. Most people less than 5 years from retirement are optimistic, with 80% saying they will be able to achieve their dreams in retirement, but develop more anxiety as they stand on the brink of retirement.

Stage 3: Liberation (Retirement Day and the year following)

Liberation is a time of great enjoyment and enthusiasm. This is the "honeymoon" phase of retirement. Yet surprisingly, this stage lasts only about a year. On Retirement Day, people feel both excited and relieved. Though they admit they miss their friends and social connections from work, people in this stage are fully engaged in everything their new freedom has to offer: reconnecting with spouses and family, hobbies, traveling, even starting new businesses. Most people in the first year of retirement are very busy, confident that their retirement preparation has paid off.

Stage 4: Reorientation (2 – 15 years after retirement)

During this time, many experience a letdown with retirement. The newness has worn off and they discover that retirement is often more challenging or just different from what they expected. Some complain of depression, worry and boredom.

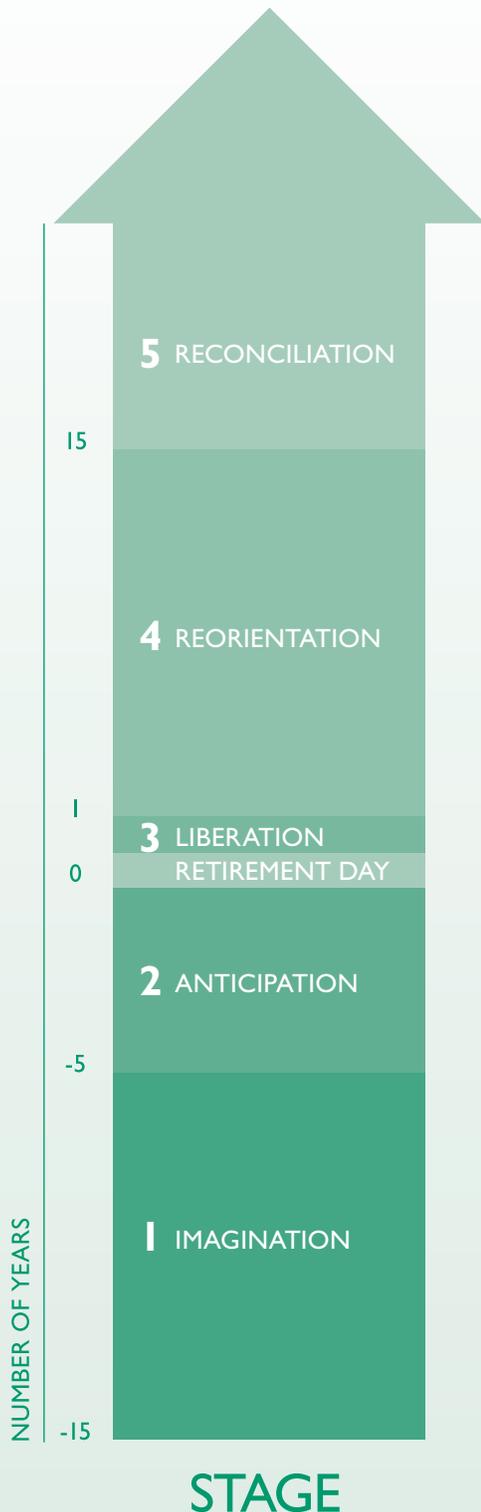
Stage 5: Reconciliation (16 or more years after retirement)

As retirement progresses, many retirees enter a phase of increased contentment and personal reflection. People are more hopeful and have come to terms with all that retirement has to offer. Those in this stage:

- Feel more positive about retirement,
- Enjoy relaxing, time with family, and maintaining healthy lifestyle.
- Suffer depression in small numbers (only 5%), sadness is more prevalent as they confront end-of-life issues with family and friends,

Remember, these stages are unique to each person. However, if you're feeling uncertain about retirement, take some time to review your expectations. Develop a clear vision of your retirement goals. Consider how you will stay active and engaged throughout retirement. And, seek advice from professionals when you feeling unsure of your plans.

The Stages of Retirement



New Retirement Mindscape study 2005. By Ameriprise Financial in conjunction with Age Wage and Ken Dychtwald, PhD, and Harris Interactive. Based on a national telephone survey of 2,000 people between the ages of 40 - 75.

<http://retirement.ameriprise.com/planning-for-retirement/retirement-ideas/emotional-stages.asp>

Susan Reed named CFO at OPERS

Long-time State Treasury staffer Susan Reed is the new Director of Finance and Chief Financial Officer for OPERS.

Reed had been with the State Treasurer's office since 1991, serving as the Comptroller of that office for nearly five years. She served as the Securities Operation Manager for many years and was in the accounting department before that.

"Susan Reed is one of the most experienced accounting and public finance professionals working for the State," said OPERS Executive Director, Tom Spencer. "I had the pleasure of working with Susan for nearly eight years at the Treasurer's office and I'm excited that she will be bringing her talent and experience to OPERS."

Susan is a Certified Public Accountant and holds an MBA from the University of Central Oklahoma. She has vast experience with the State's financial systems, investment accounting, and managing a public financial institution.

2010 Legislative Summary

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Senate Bill 1889 was a general "clean up" bill to help streamline various provisions for OPERS, including, among others:

- **Reducing the number of retirement options for state and local elected officials first elected to office on or after November 1, 2010.** These elected officials can select a 4% retirement computation factor with a current contribution rate of 10%, or a 1.9% computation factor with a current contribution rate of 4.5%. Newly elected officials must file this selection with OPERS within 90 days of taking office or default to the maximum contribution rate and corresponding computation factor.
- **Amending the retiree return to work provisions.** The legislation clarifies the previous reform enacted two years ago stating a retiree cannot return to work with the same employer from which they retired for a period of one year and, simultaneously, continue to receive their OPERS retirement benefits. The new legislation states the one-year employment prohibition period begins on the date the retiree leaves employment, not the retirement date. This change was made because some people leave OPERS-covered employment and do not become eligible to receive an OPERS retirement benefit for several years.

Senate Bill 1579 amended the list of OPERS members whose service credit is not adversely affected by an involuntary furlough to include legislative and court employees. Previously, only executive branch employees accrued service credit toward retirement for periods of involuntary furlough. Now, legislative and court employees will also receive service credit for periods of involuntary furlough.

Identifying and Managing Stress in Your Life

Retirement is a life-altering process for most of us, just like moving, losing a job, or death of a family member. All of these changes can cause stress and negatively impact our daily life.

Retirement can also be a stressful time for those not retiring. Having a spouse around the house full time can be a significant adjustment. Having a valuable coworker retire will likely increase the workload of those still working and cause those left behind to pick up the slack.

Stress is a normal psychological and physical reaction to the demands of life. Your brain comes hard-wired with an alarm system for your protection. When your brain perceives a threat, your body releases a burst of hormones to fuel your “fight-or-flight” response. When the threat is gone, your body returns to normal. Unfortunately, the non-stop stress of modern life means that your alarm system rarely shuts off.

Stress can have physical, emotional and behavioral manifestations and you may not even realize stress is the underlying cause. If you recognize the effects of stress listed in the table, it is important for your overall health to get your stress under control.

If you do have stress symptoms, taking steps to manage your stress can have numerous health benefits. Stress management could include:

- Addressing the issues that are causing your stress
- Making time for yourself and the things you enjoy doing
- Physical activity
- Relaxation techniques
- Meditation
- Yoga

Of course, other potentially serious health problems can also cause some of the same symptoms as stress. If you're not sure if stress is the cause or if you've taken steps to control your stress but symptoms continue, see your doctor.

Whether you are retiring or not, you probably know someone is or who soon will be. Our hectic lives provide many “opportunities” for pulling our hair out. Identifying the signs of stress and the underlying cause can greatly improve your overall health.

For more information about stress management, see the Mayo Clinic's website at www.mayoclinic.com.

Stress is a normal psychological and physical reaction to the demands of life.

EFFECTS OF STRESS...

...On your body

- Headache
- Back pain
- Chest pain
- Heart disease
- Heart palpitations
- High blood pressure
- Decreased immunity
- Stomach upset
- Sleep problems

...On your thoughts and feelings

- Anxiety
- Restlessness
- Worrying
- Irritability
- Depression
- Sadness
- Anger
- Feeling insecure
- Lack of focus
- Burnout
- Forgetfulness

...On your behavior

- Over-eating
- Under-eating
- Angry outbursts
- Drug or alcohol abuse
- Increased smoking
- Social withdrawal
- Crying spells
- Relationship conflicts

Pre-Retirement Seminar Available Online

Part of new OPERS Video Library

Back in March, we announced our first venture into providing online video content. An abbreviated version of the Pre-Retirement Seminar was the first in a set of presentations OPERS plans to publish online.

The videos were created to provide greater access for members and participating employers to obtain this information in a convenient format. The full seminar has been broken down into shorter segments focusing on:

- Eligibility
When can I retire?
- Retirement Options
What payment options are available to me?
- Process and Timeline
What do I have to do to get the process started, and when?
- Taxes and Returning to Work
How are taxes handled, and what if I choose to go back to work after retirement?

Here is what our members are saying about the online videos via our online survey:

“Excellent - covered all my questions and was very well organized. The examples were very well done.”

“I am the Insurance - Retirement Coordinator. I believe any pre-retiring employee would benefit from these videos and I enjoyed it myself.”

“This was very clear and helpful. It was nice to be able to replay or stop the video to digest the information before moving on. Thank you.”

“Although I am nowhere near retirement, I’m glad I got to view these to get a general idea of how it works. Thanks!”

We look forward to providing more content like this in a convenient online format.

Speaking of Surveys...

In an effort to more accurately measure our performance, OPERS has instituted a number of surveys to measure your satisfaction with our services. To date, we have completed surveys on the customer service we provide to members who visit our office, the withdrawal of contributions process, the quality of our website and the online videos. We are in the process of developing surveys on paying initial retirement benefits, service to members over the phone and what we can do to improve services to current retirees.

The early response to the surveys has been extremely positive. We look forward to sharing a more thorough summary of your feedback as we obtain more information. Stay tuned!

OPERS Adopts a New Look

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EssentialOPERS

Part of the update to our appearance was the creation of a new summary document entitled *EssentialOPERS*. This one-page summary of plan provisions was created to provide a thumbnail description of the benefits of plan membership and is a convenient summary for those who want to know “just the facts” about the plan.

Separate editions of *EssentialOPERS* were created for State and Local Government Employees, Hazardous Duty Employees and Elected Officials. We will be publishing all three versions on the OPERS website, as well as sending them to each of our participating employers to have on hand for new employees.

Member Handbooks

New versions of member handbooks are also available online. The handbooks are the most informative publication on OPERS plan provisions and available to anyone who wants one. However, for those who may just need a simple overview of the plan, rather than a full member handbook, we published *EssentialOPERS* to provide a valuable, at-a-glance summary.

We hope you find these pieces informative. As always, we welcome your comments on how we can improve these and any other communications provided by OPERS.

The Director's Corner The "VOBO" Brain Drain

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when our state government can ill afford to lose employees who know state government history and why things are the way they are. Because without that historical knowledge and context, we are most certainly doomed to repeat many mistakes of the past.

The increased workload to process this mini-tsunami of retirees is, and will continue to be, a great challenge. But I'm not shedding any tears because my staff will work harder than ever before. They are up to the challenge. My sorrow is for the potential loss to the State with the exit of some of those steady hands that have developed a wealth of knowledge about the mission and work of their agencies. I value my graying and wise staff members who are here to teach and mentor the next generation of public servants. Personally, I'll try to hold onto that treasure of experience and knowledge as long as I can.

Contact OPERS

Mailing Address:

Oklahoma Public Employees Retirement System
Post Office Box 53007
Oklahoma City, Oklahoma 73152-3007

Local Phone:

(405) 858-6737

Outside Local Calling Area:

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