



**2012**

**Retirement Coordinators  
Training**

**Presented by  
Oklahoma Public Employees Retirement System**

# Welcome

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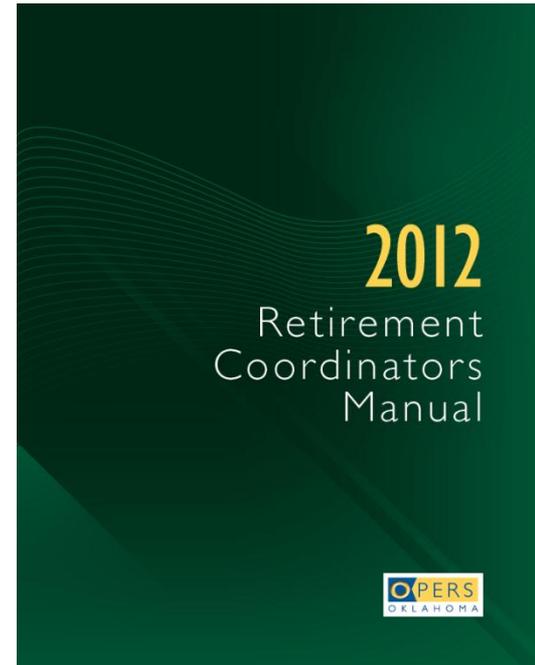
## Patrick Lane

Director, Communications & Customer Contact

405.858.6720 | [plane@opers.ok.gov](mailto:plane@opers.ok.gov)

# Updated Manual

- PDF is available on Coordinators Corner.
- Summary document highlights changes in 2012.
- Linked Table of Contents for easy navigation.



**[www.opers.ok.gov/coordinators-corner](http://www.opers.ok.gov/coordinators-corner)**

# Presentation Overview

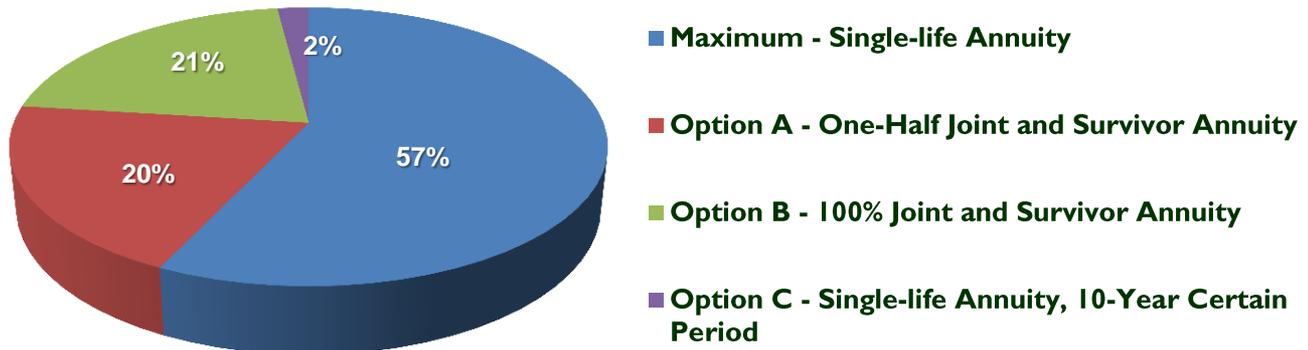
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- Did You Know?
- Roles of Retirement Coordinator
- The Essentials
- 2012 Legislation
- Financial Planning Seminars – *A Great Start!*
- Payroll Reporting Issues
- What's New at OPERS
- Future Plans
- Questions and Answers

# Did You Know?

- Average age of OPERS active member is 47 years
- Average service of OPERS active member is 12 years
- 58% of OPERS benefit recipients are female, 42% male

Retirement Payment Options Chosen by Members



# Did You Know?

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In the last year, OPERS:

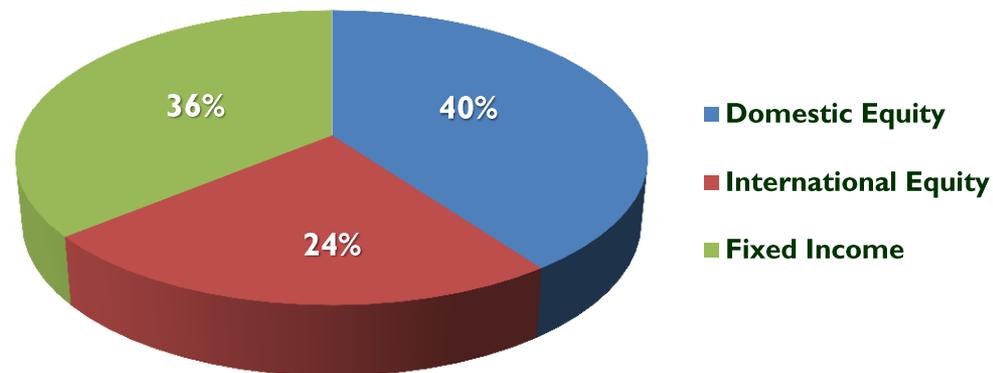
- Fielded nearly 114,000 phone calls
- Received approximately 123,000 web page visits
- Provided seminars to more than 2,000 people
- Scanned more than 160,000 documents
- Received nearly 20,000 address and beneficiary changes

# Did You Know?

## OPERS Investments

- \$6.8 billion in total assets as June 30, 2012
- Diversified investment portfolio

Target Asset Allocation



# Did You Know?

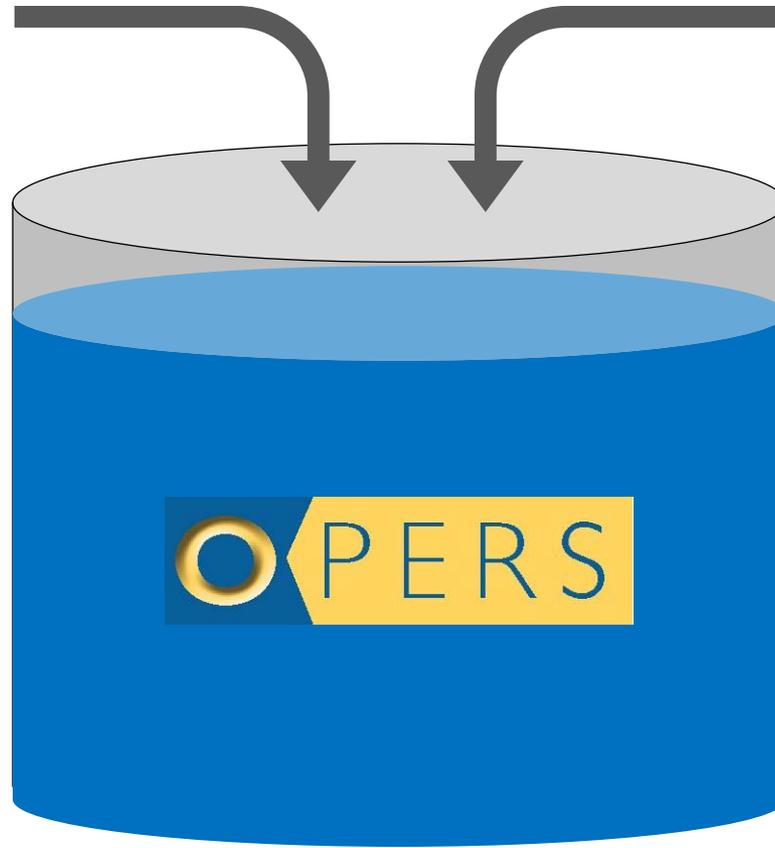
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- Health of the OPERS Plan
  - 80.7% Funded Ratio as of FY11 (66.0% in FY10)
  - Current unfunded liabilities of \$1.6 billion (\$3.3 billion in FY10)
- Good News, Bad News
  - Collecting sufficient contributions in FY12 to pay pension costs and, if maintained, pay off unfunded liabilities by 2025.
  - Positive investment returns in FY12 (2.4%), FY11 (21.2%) and FY10 (13.8%).
  - Removing COLA assumption reduced Oklahoma's total unfunded pension debt from \$16 billion to \$11 billion.
    - COLAs will not be paid to state pensioners unless fully-funded by the Legislature.

Employer Contributions

Member Contributions

Investment Returns



Benefit Payments

# Did You Know?

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- **287 participating employers:**
  - 127 state agencies represent 81% of OPERS members
  - \$263 million in employer contributions in FY 2012
- **41,566 active members**
  - \$66 million in member contributions in FY 2012
  - 5,116 new members enrolled in FY 2012
- **30,269 benefit recipients**
  - \$484 million in benefits paid in FY 2012
  - 1,717 new retirees in FY 2012

# Roles of Retirement Coordinator

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- Maintaining records
- Enrolling new employees
- Reporting contributions
- Providing information to OPERS
- Keeping your employees informed

# Maintaining Records

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- Long-term relationship between OPERS and your employees.
- OPERS will frequently request missing information.
- Keep employee records as accessible as possible.
- Learn where your old records are hiding, never get rid of that information.

# Enrolling New Employees

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- Online enrollment is available at <https://connect.opers.state.ok.us>.
- Please enroll employees before first payroll report and enroll even those who leave immediately.
- Call OPERS regarding prior participation.
- Please encourage members to complete beneficiary designations at enrollment.
- Members cannot withdraw, vest or retire without enrolling.

# Reporting Contributions

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- Retirement contributions begin for:
  - New members - 1<sup>st</sup> day of month following hire date
  - Previous members - 1<sup>st</sup> day on the job
- Membership Requirements
  - Position is permanent, not seasonal or temporary.
  - Position requires at least 1,000 hours work per year (rolling 12 months after first day of employment).
  - The salary must be equal to or greater than the minimum wage.

# Membership Requirements

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- “Probationary” periods are still reportable
  - Periods of “initial employment” cannot be exempted from OPERS contribution.
  - Delinquent service is costly and avoidable.
- Office of the State Auditor & Inspector
  - OPERS has engaged the Office of the State Auditor & Inspector to identify issues of compliance with state retirement law through the county audit process.
    - Timely enrollment of members (avoiding delinquent service)
    - Application of unused sick leave

# The Essentials

## Defined Benefit Plan

- Member and employer pay contributions.
- Member must meet certain eligibility requirements.
- Benefits are based upon a formula:



# The Essentials

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## Normal Retirement

*For members who began participation in OPERS before November 1, 2011*

- Age 62 with 6 years of full-time equivalent employment (State & Local)

OR

- 80 points (age + service credit) if you initially became a member before July 1, 1992

OR

- 90 points (age + service credit) if you initially became a member on or after July 1, 1992

***Subject to 2011 legislative change***

# The Essentials

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## Normal Retirement

*For members who began participation in OPERS on or after November 1, 2011*

- Age 65 with 6 years of full-time equivalent employment (2,076 hours per year)
- OR
- 90 points (age + service credit) and at least 60 years of age

# The Essentials

## Early Retirement

*For members who began participation in OPERS before November 1, 2011*

- Ages 55 to 62
- 10 years of participating service
- Permanently reduced benefits

Early Retirement Reduction Factors	
Age	Percentage
62	100.00
61	93.33
60	86.67
59	80.00
58	73.33
57	66.67
56	63.33
55	60.00

***Subject to 2011 legislative change***

# The Essentials

## Early Retirement

*For members who began participation in OPERS on or after November 1, 2011*

- Ages 60 to 65
- 10 years of participating service
- Permanently reduced benefits

Early Retirement Reduction Factors	
Age	Percentage
65	100.00
64	93.33
63	86.67
62	80.00
61	73.33
60	66.67

# The Essentials

## Unused Sick Leave

- May be added to member's service credit.
- If addition causes total credited service to equal or exceed 6 months, service is rounded up to the next year.
- Timely reporting of USL is greatly appreciated to expedite service to retiring members.

Hours of Unused Sick Leave	Months of OPERS Service Credit
0 – 159	0
160 – 319	1
320 – 479	2
480 – 639	3
640 – 799	4
800 – 959	5
960 (maximum)	6

**Note: HB 2321 eliminates rounding for new members**

# The Essentials

## Unused Sick Leave

### When it adds a year:

21 years 0 months	Service Credit
+ 6 months	Unused Sick Leave
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21 years 6 months	Service (before rounding)
22 years	<b>Total Service Credit</b>

### When it does NOT add a year:

21 years 9 months	Service Credit
+ 6 months	Unused Sick Leave
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22 years 3 months	Service (before rounding)
22 years	<b>Total Service Credit</b>

**Note: HB 2321 eliminates rounding for new members**

# The Essentials

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## Unused Sick Leave Policy

- Please inform OPERS immediately if you have a change in your Unused Sick Leave policy.
  - New form: *Verification of Unused Sick Leave Policy*
  - Available on Coordinators Corner
- Section 913(B)(7) of Title 74:
  - *The total participating service credit of a member who retires or terminates employment and elects a vested benefit **shall include** not to exceed one hundred thirty (130) days of unused sick leave accumulated subsequent to August 1, 1959, during the member's employment with any participating employer. Such credit shall be added in terms of whole months. Twenty (20) days of unused sick leave shall equal one (1) month for purposes of participating service credit. If unused sick leave entitles a member to an additional year of service credit, **the member's employer shall reimburse the System** for the cost of funding the additional reserve.*

# 2012 Legislation

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- **HB 2321**
  - Rounding of service credit eliminated for new members
- **HB 2322**
  - Step-Up Program extended to elected officials
- **HB 2939**
  - I.T. consolidation and participation in the Oklahoma Teachers Retirement System

# HB 2321

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## Rounding of service credit eliminated for new members

- Eliminates rounding of fractional years of service credit for those who become members of OPERS on or after November 1, 2012,
  - Rounding eliminated for elected officials elected or appointed on or after November 1, 2011.
- Retirement benefit calculation shall be based on actual years and months of credited service without rounding fractional years of service up or down.

# HB 2322

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## Step-Up Program extended to elected officials

- For members first elected or appointed to elected office on or after November 1, 2011.
- Extension of SB 794 from 2011 where newly elected or appointed officials became subject to the same contribution rates and benefit computation factors as state and local government members of OPERS.

# HB 2939

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## I.T. consolidation and participation in the Oklahoma Teachers Retirement System

- Affects very small number of members impacted by 2011 Information Technology Consolidation and Coordination Act.
- State employees who are (or were) members of OTRS may elect to continue their participation in Teachers Retirement System in lieu of participating in OPERS.
- Affected members must make their election in writing to the OTRS within 30 days of the effective date of the bill, which was August 23, 2012.

# Financial Planning Seminars

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- New Seminars
  - Controlling Your Financial Future
  - Managing Your Retirement Income
- A Great Start!
  - More than 100 seminars provided
  - More than 2,000 members attended
  - 90% of members indicated they would recommend these seminars to others on seminar evaluations.
  - Received a Governor's Commendation at the 2012 Quality Oklahoma Team Day ceremony

# Financial Planning Seminars

Bring these seminars to your organization

- Contact Stephanie White  
**swhite@opers.ok.gov** or (405) 858-6768
- For more information on all our seminars, please visit:  
**www.opers.ok.gov/confidence**



# Payroll Reporting

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- **Paid Leave and Holidays**
  - Paid leave and holidays must be reported for retirement service credit and the corresponding pay is subject to retirement contributions, except when the holiday or paid leave causes the employee to be paid more than full-time hours.
    - For example, if an employee has taken 8 hours of paid sick leave or has a paid holiday, but works 40 hours of additional time, only 40 hours and the corresponding full-time pay should be reported.
- **Partial Longevity Payments**
  - Retirement contributions are to be paid on partial longevity payments.

# Payroll Reporting

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## Compensation for Retirement Purposes

- Allowances for cars, telephones, clothing, insurance, etc. are not considered compensation for retirement purposes.
- Annual bonuses are considered compensation and must be reported and retirement contributions paid on them.
- Reporting of retroactive pay
  - Also considered compensation, but should be reported as a supplemental, not on the monthly payroll report.
  - If not, it becomes confusing when calculating service credit and average salary for benefits.

# What's New at OPERS

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- Improved customer service
  - Expanded contact center to handle more calls and emails from coordinators.
  - Contact Information on page 4 of Coordinator Manual.
- New benefit estimator coming soon!
  - Provide estimates on Step-Up, Elected, Hazardous Duty and multiple plan participation.
- Internal auditor recently hired
  - Advise the OPERS Board and Executive Director on issues of plan oversight and governance
  - Help ensure compliance with laws and rules governing OPERS
  - Review compliance with business processes and procedures

# What's New at OPERS

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- New versions of *Essential*OPERS available online.
  - Use *Essential* series during the enrollment process, member handbook for members requesting more detailed information.
- New member handbook coming soon!
- More employer forms available on Coordinators Corner.
  - Print-friendly version on many forms eliminates need to order.
- New *Member Education* pages online for all seminars
  - [www.opers.ok.gov/confidence](http://www.opers.ok.gov/confidence)

# Future Plans

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- 30-day turnaround on retirements
  - Goal of uninterrupted cash flow for retiring members.
- Enhanced online experience for members
  - First step is expanded benefit estimator
  - Greater online capability for self-service via the web
  - Ultimate goal of secure login to conduct transactions online (e.g., apply for retirement, change your address, view documents in your member file, etc.)

# Annual Statements

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- Information as of June 30, 2012
- Contain information regarding:
  - Accumulated contributions
  - Beneficiary(ies)
  - Retirement Coordinator contact information
  - Retirement eligibility requirements
  - Death benefits
- Retirement Coordinators will receive “dead-end” statements.

**Q & A**

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**Questions and Answers**

# Thank You



Visit the OPERS website | [www.opers.ok.gov](http://www.opers.ok.gov)

## **OPERS**

P.O. Box 53007

Oklahoma City, Oklahoma 73152-3007

405.858.6737 (OKC area) | 800.733.9008 (Toll-free)