

2015

Retirement Coordinator Training

County & Local Government



OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

Presenter

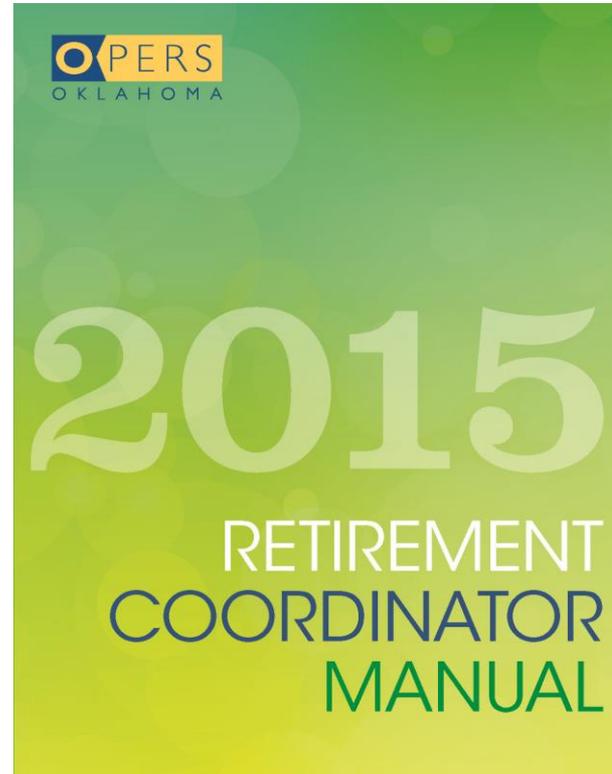
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Updated Manual

- PDF available on Coordinators Corner
- Summary document highlights changes in 2015.



www.opers.ok.gov/coordinators-corner

Presentation Overview

- Recent Developments
- Did You Know? Facts & Figures
- Roles of Retirement Coordinator
- The Essentials: OPERS Defined Benefit Plan
- Vesting vs. Withdrawing
- The Essentials: Pathfinder Defined Contribution Plan
- Questions & Answers

Recent Developments

- Joseph Fox named Executive Director of OPERS.
- Other changes in staff at OPERS.
- The OPERS offices moved in April 2015.
- Pathfinder Defined Contribution Plan created for new state employees effective November 1, 2015.
- *Payment Remittal Form (515-107-10)* is now obsolete.

Did You Know?

In the last fiscal year, OPERS:

- Fielded 43,500 phone calls by the Contact Center
- Received 151,000 web page visits
- Provided 78 seminars to over 2,000 members
- Scanned 137,000 paper documents
- Processed 18,000 address and beneficiary changes

Did You Know?

287 participating employers

- 122 state agencies representing 80% of active members
- \$292 million in employer contributions in FY 2015

44,000 active members

- \$73 million in member contributions in FY 2015
- 5,921 new members enrolled in FY 2015

33,000 benefit recipients

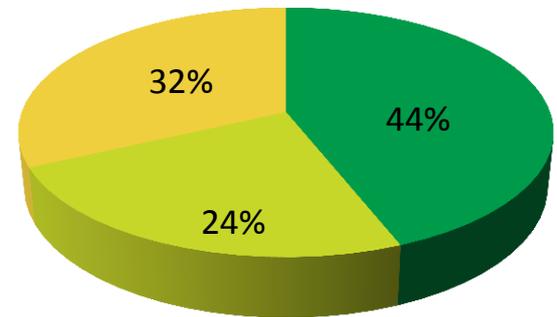
- \$542 million in benefits paid in FY 2015
 - 1,901 new retirees in FY 2015
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Did You Know?

Growth of OPERS Investments

- \$8.6 billion total assets as of June 30, 2015
- Positive investment returns
 - FY 15 (3.2%)
 - FY 14 (18.0%)
 - FY 13 (12.0%)
 - FY 12 (2.4%)
 - FY 11 (21.2%)
 - FY 10 (13.8%)

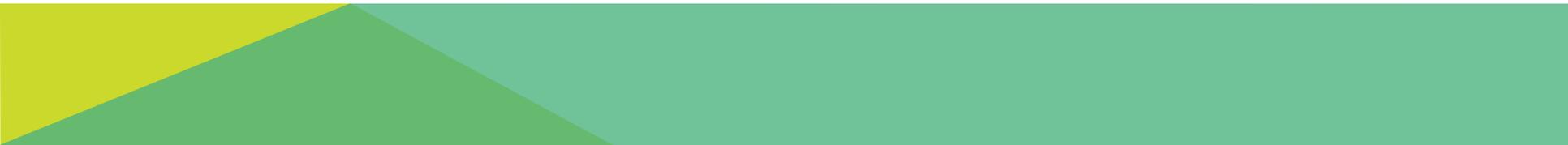
Target Asset Allocation



- Domestic Equity
- International Equity
- Fixed Income

www.opers.ok.gov/investment

Did You Know?

- Average age of OPERS active member is 45.9 years
 - Average service of OPERS active member is 9.9 years
 - 48% of OPERS benefit recipients are female, 52% male
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Roles of Retirement Coordinator

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

Maintaining Records

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

Online enrollment available at OPERS Online

- 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.

<https://connect2.opers.state.ok.us>

Reporting Contributions

Retirement contributions begin for:

- New members - 1st day of month following hire date
- Previous members - 1st 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.
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Membership Requirements

“Probationary” periods are still reportable

- Periods of “initial employment” cannot be exempted from OPERS contributions.
- 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

Updating Member Information

Updating Name Changes

- Name changes occur through the reporting of payroll.
- This event marks a good time to request copies of the marriage license, divorce decree, etc. which verifies the name change.
- Provided copies to OPERS for the member's file. We will likely ask for these documents at retirement.

Updating Member Information

Updating Addresses

- You may update a member's address on the employer website at <https://connect2.opers.state.ok.us>.
- Members may complete a *Change of Address* form and submit it to OPERS directly. (515-160-10)

Updating Beneficiaries

- Members must complete a *Designation of Beneficiary* (515-116V-14) form at enrollment. Beneficiaries may be updated at any time by completing and submitting a new form.
- It is important that the completed, original form be forwarded to OPERS as soon as possible.

Providing Information to OPERS

- Serve as liaison between OPERS and your employees.
- Keep employees informed on OPERS information.
- Assist employees with OPERS forms.
 - Part 8 of the *Retirement Notice & Application*
- Encourage your employees to attend an OPERS Pre-Retirement seminar when they are within two years of eligibility.

OPERS is happy to share information and advice with Retirement Coordinators.

Plans Administered by OPERS

Defined Benefit (DB) plan

- An employer-sponsored retirement plan where benefits are guaranteed based on a formula using salary history and duration of employment.
- Plan sponsor bears the risk of investment.

Defined benefit plans administered by OPERS:

- OPERS
 - State and Local Government
 - Hazardous Duty
 - Elected Officials
- Uniform Retirement System for Justices and Judges

Plans Administered by OPERS

Defined Contribution (DC) plan

- A retirement plan where an employee contributes a predetermined portion of his or her earnings to an individual account, part of which is matched by the employer.
- Employee bears the risk of investment (self-directed investments).

Defined contribution plans administered by OPERS:

- SoonerSave
 - Voluntary, supplemental plan to OPERS DB plan for state employees only
- Pathfinder
 - Mandatory plan for new state employees on or after 11/01/15

The Essentials: DB Plan

Defined Benefit Plan (DB Plan)

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

The Essentials: DB Plan

Defined Benefit Formula

- Final Average Salary
 - Before 7/1/2013 – Highest 3 years out of the last 10 years
 - After 7/1/2013 – Highest 5 years out of the last 10 years
- Service Credit
- Computation Factor (2%)



The Essentials: DB Plan

Normal Retirement

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

- Age 62 with six 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

The Essentials: DB Plan

Normal Retirement

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

- Age 65 with six 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: DB Plan

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

The Essentials: DB Plan

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: DB Plan

Unused Sick Leave

- May be added to member's service credit.
- If addition causes total credited service to equal or exceed six 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

**Rounding eliminated for members who begin on or after November 1, 2012. These members will be credited with full years and months of participation.*

The Essentials: DB Plan

Unused Sick Leave

When it adds a year:

21 years 0 months Service Credit

+ 6 months Unused Sick Leave

21 years 6 months Service (before rounding)

22 years Total Service Credit

When it does not add a year:

21 years 9 months Service Credit

+ 6 months Unused Sick Leave

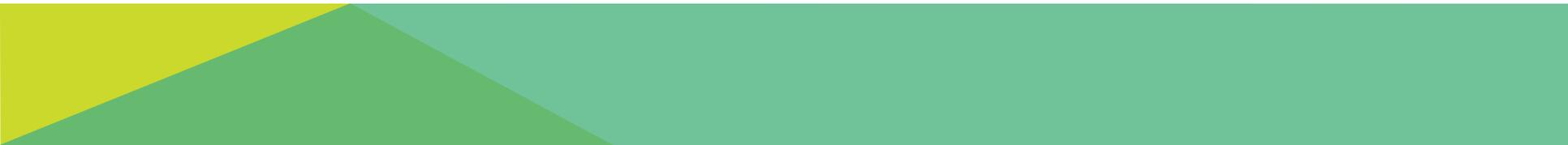
22 years 3 months Service (before rounding)

22 years Total Service Credit

Vesting vs. Withdrawing

Vesting allows you to retain your service and begin drawing your retirement in the future based on your eligibility and service and salary information at the time you vested.

Withdrawing means you withdraw the contributions that you have paid into OPERS and will no longer be a member and forfeit your service credit toward a future benefit.



Vesting

Must have eight years of credited service to vest.

- Before November 1, 2012, members may round up to eight years if they have seven years and six months of service.
- After November 1, 2012, members must have eight full years of service to be eligible to vest.
- Six of the eight years needed, must be full-time equivalent employment with a participating OPERS employer.

Retirement Coordinator and member must complete the *Application for Vested Benefits Form* and submit to OPERS.

Vesting

Benefits of Vesting

- “Pre-certify” your retirement benefit
- Receive an estimate of your future benefit
- Receive annual vested statement reminding you of your future benefit (when and how much)
- Continue receiving the *Retiring Right* newsletter
- No 60-day notice for *Retirement Notice & Application*

Vesting

When you elect a vested benefit you don't receive a retirement benefit right away.

- Susan, age 35, terminates with 9 years of service. If Susan elects a vested benefit, she will not receive her OPERS benefit until age 62.
- George, age 52, terminates with 25 years of service. If George elects a vested benefit, he may draw full retirement benefits at age 55 ($55+25=80$).

Taking a Withdrawal

- Member and Retirement Coordinator complete *Application for Withdrawal*.
- Additional forms may be required depending on the member's taxable vs. non-taxable contributions.
- Members who terminate without enough credit to vest do not have to withdraw.

Taking a Withdrawal

- Taxable contributions subject to 20% federal and 5% state taxes at distribution.
 - Additional 10% penalty for early distribution before the age of 59½.
- Member has the option to rollover the distribution into a qualified plan to defer paying taxes.
- Payment will not be made until the fifth month following date of termination.

The Essentials: Pathfinder

2014 and 2015 legislation created a new DC Plan and determined who participates. (HB 2630, SB 2120, HB 1376)

- The DC Plan will be known as Pathfinder.
- The DC Plan, will only pertain to those who first become employed by a participating employer on or after November 1, 2015 with no prior participation in OPERS.
- Does not affect hazardous duty, district attorneys, assistant district attorneys and other employees of the district attorney's office, as well as all county or local government employees.



The Essentials: Pathfinder

Initial Participation Eligibility

- First hired on or after November 1, 2015, no prior service in OPERS.
- Full-time-equivalent position
- Any position less than full-time but more than a half-time that includes employee benefits

**This determination shall be made by the employer
and exclusively relied upon by OPERS.**

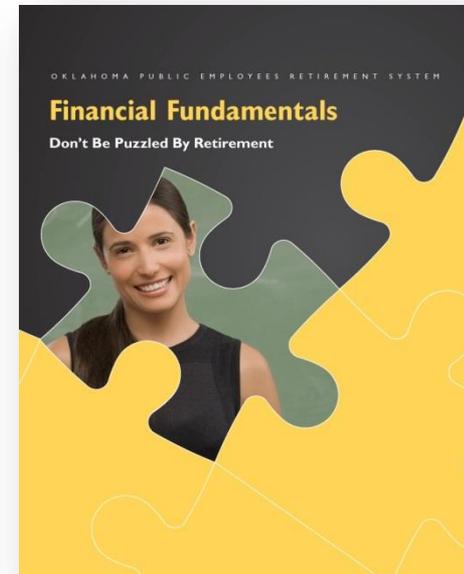
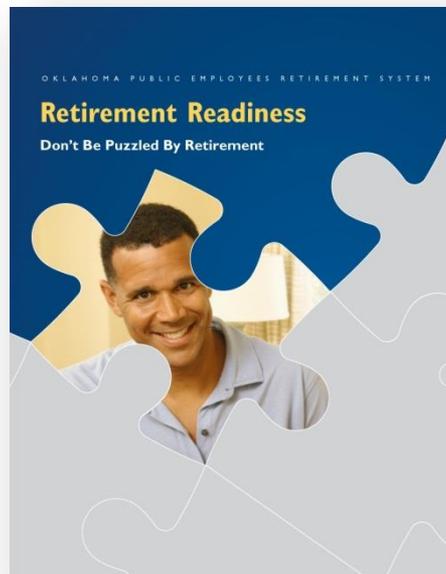
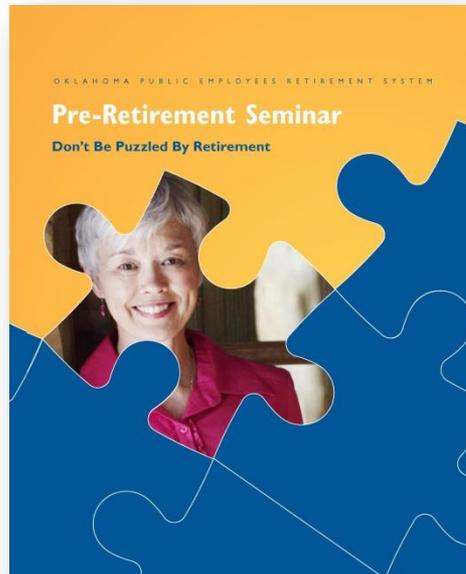
The Essentials: Pathfinder

Participation upon reemployment and changes in employment status

- A former participant who meets the conditions of participation shall participate immediately upon the date of reemployment.
- A member who first begins employment on or after November 1, 2015, with an employer who is excluded from the DC plan and then later goes to work for a DC employer will join the DC plan upon employment with the DC employer. The exclusion does not follow the employee.

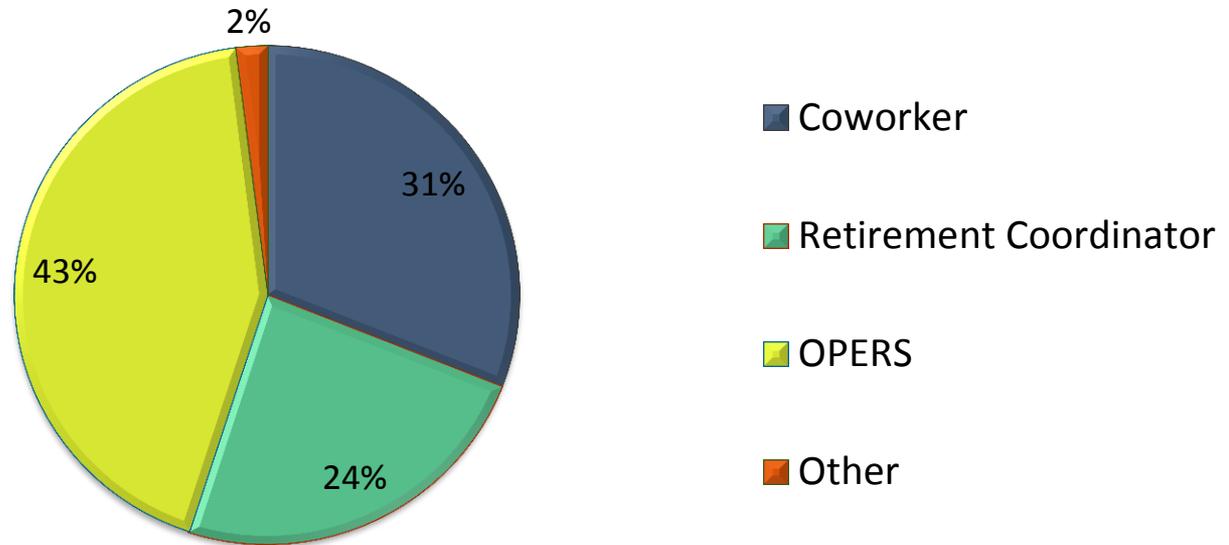
Member Education

- Pre-Retirement Seminar
- Retirement Readiness
- Financial Fundamentals



Pre-Retirement Seminar

- Of those who attended a Pre-Retirement Seminar, 96% would recommend this seminar to others.
- Nearly a quarter of people hear about the seminar from their Retirement Coordinator. Thank you!



Pre-Retirement Seminars

- Seminars are provided in the following cities:
 - Oklahoma City
 - Tulsa
 - McAlester
 - Ardmore
 - Lawton
 - Woodward
 - Enid
- Schedule is available online:
 - www.opers.ok.gov/confidence
- Contact OPERS to register at (800) 733-9008

Annual Statements

- Information as of June 30, 2015
- Contains information regarding:
 - Accumulated contributions
 - Beneficiary(ies)
 - Retirement Coordinator contact information
 - Retirement eligibility requirements
 - Death benefits
- Retirement Coordinators will receive a list of “dead-end” statements.

Questions & Answers

Thank you!



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