



2013

**Retirement Coordinators
Training**

**Presented by
Oklahoma Public Employees Retirement System**



Welcome

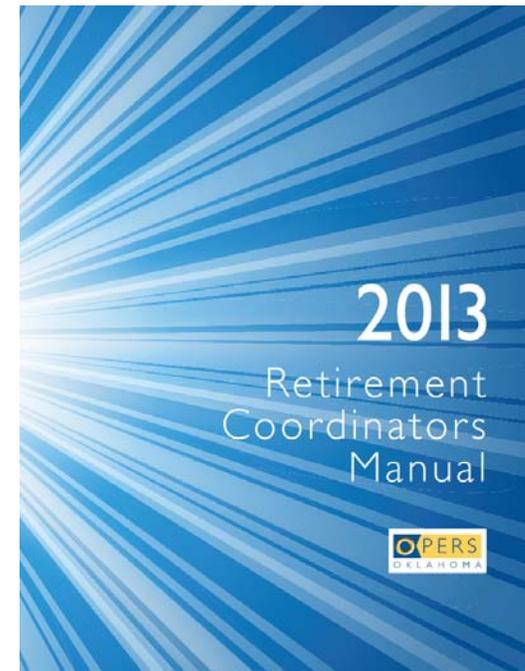
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Updated Manual

- PDF is available on Coordinators Corner.
- Summary document highlights changes in 2013.
- Linked Table of Contents for easy navigation.



www.opers.ok.gov/coordinators-corner



Presentation Overview

- Did You Know?
- The Essentials
- Roles of Retirement Coordinator
- Attorney General Opinion 2012-8
- 2013 Legislation
- Retirees Returning to Work
- What's New at OPERS
- Coming Soon!
- Questions and Answers



Did You Know?

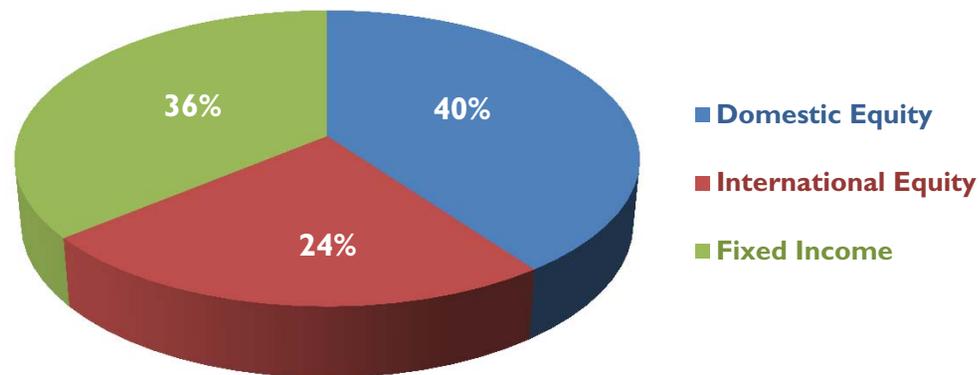
- **283 participating employers:**
 - 121 state agencies represent 81% of OPERS members
 - \$270 million in employer contributions in FY 2013
- **42,244 active members**
 - \$68 million in member contributions in FY 2013
 - 6,944 new members enrolled in FY 2013
- **31,143 benefit recipients**
 - \$503 million in benefits paid in FY 2013
 - 1,773 new retirees in FY 2013

Did You Know?

OPERS Investments

- \$7.4 billion in total assets as June 30, 2013.
- Positive investment returns in FY13 (12.0%), FY12 (2.4%), FY11 (21.2%) and FY10 (13.8%).

Target Asset Allocation

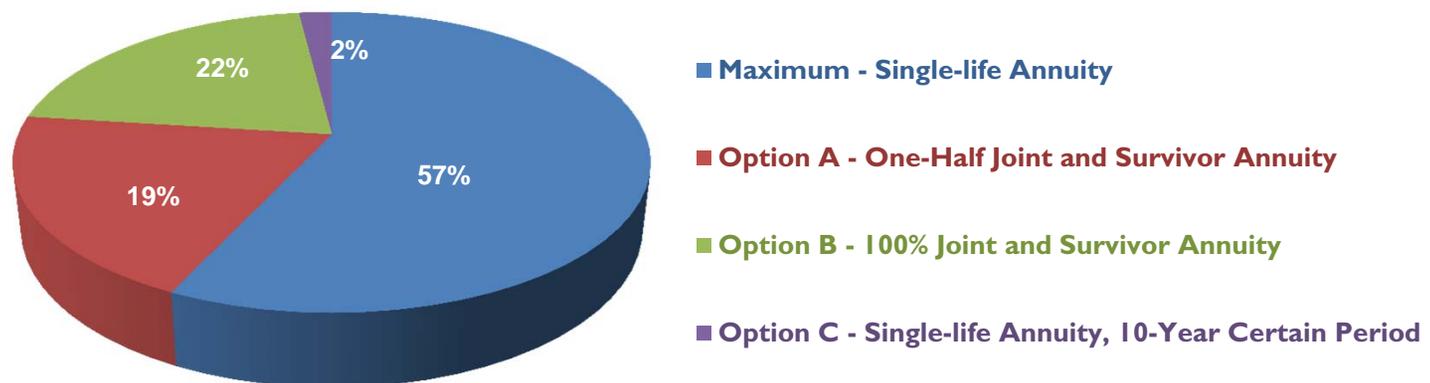


www.opers.ok.gov/investment

Did You Know?

- Average age of OPERS active member is 46.5 years
- Average service of OPERS active member is 10.5 years
- 58% of OPERS benefit recipients are female, 42% male

Retirement Payment Options Chosen by Members





Did You Know?

In the last year, OPERS:

- Fielded 113,000 phone calls
- Received 132,000 web page visits
- Provided 3,100 seminars to members
- Scanned 130,000 paper documents
- Received 20,000 address and beneficiary changes

The Essentials

Defined Benefit Plan

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



The Essentials

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

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: 2012 legislation eliminated 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
<hr/>	
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
<hr/>	
22 years 3 months	Service (before rounding)
22 years	Total Service Credit

Note: 2012 legislation eliminated rounding for new members



The Essentials

The Cost of Unused Sick Leave

- Employers are only invoiced for USL if it is needed to roll up to an additional year.
- Three primary cost drivers
 - Final average salary of the member (higher salary = higher cost)
 - Difference between the member's current age and retirement age at invoicing (closer to retirement age = higher cost)
 - Life expectancy

The Essentials

The Cost of Unused Sick Leave

	Example 1	Example 2
1 Final Average Salary	\$40,000.00	\$60,000.00
2 Retirement Benefit Computation Factor (2.0%)	x 0.02	0.02
3 Annual Benefit per Year of Service	<u>\$800.00</u>	<u>\$1,200.00</u>
	÷ 12	12
4 Monthly Benefit per Year of Service	<u>\$66.67</u>	<u>\$100.00</u>
5 Reserve Factor	x 50.03	106.08
6 Cost of Funding Additional Year of Benefits	= \$3,335.33	\$10,608.00

Assumptions:

Current age 50

Retirement age 62

Current age 60

Retirement age 62



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 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

- 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.



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



Attorney General Opinion

- Attorney General Opinion 2012-8
 - Unused Sick Leave
 - If a county or other local participating employer permits the accrual of unused sick leave, whether called sick leave, personal days off or another creative term that effectively equates to sick leave, the employer's leave policy cannot prohibit the use of accrued sick leave towards participating service credit for retirement purposes.
 - To the extent an employee has been unjustly stripped of a certain amount of accrued leave for retirement purposes, state law warrants that it be restored.



2013 Legislation

- **HB 1325**
 - Final Average Compensation for new members
- **HB 1477**
 - Makeup of OPERS Board of Trustees
- **SB 847**
 - Pension Stabilization Revolving Fund



HB 1325

Final Average Compensation for new members

- Members who join OPERS on or after July 1, 2013, will have their final average salary averaged over highest five years of the last ten years of participating service.

HB 1477

Makeup of OPERS Board of Trustees

- Legislation in 2012 inadvertently removed the Director of Human Capital Management of OMES (formerly the OPM Administrator) from the OPERS Board. This bill puts the Director of HCM back on the board.
- Allows the Corporation Commission member of the board to send a designee in his/her place.

SB 847

Pension Stabilization Revolving Fund

- Under this bill, surplus funds over and above those going to the State’s “Rainy Day Fund” will go into a revolving fund.
- The legislature may appropriate any such funds to pension systems with a funded ratio below 90%.
- Priority will be given to the lowest funded pension systems.



Other Legislative Proposals

Optional Defined Contribution Plan

- HB 2077 would have created an optional defined contribution plan for new OPERS members who join on or after July 1, 2014.
- The bill passed the House and Senate, but was vetoed by Governor Fallin on May 13, 2013.

Consolidation of state retirement systems

- There was much discussion of the idea of consolidating the administration of the state retirement systems, but no bill was ultimately introduced.
- Discussed creating a single governing board and consolidated administrative staff for state retirement plans.



Retirees Returning to Work

- All retirees returning to work must sit out for at least one month to continue receiving retirement benefits.
- One-year “cooling-off” period
 - An OPERS retiree is prohibited from returning to work with the **same employer** from which he/she retired for a period of one year without waiving benefits.
- No pre-arranged employment agreements
 - Pre-retirement employment agreements that permit a member to retire then be rehired by same employer **on any basis** are prohibited by state law and IRS Code.



Retirees Returning to Work

- Retired members have two choices when returning to OPERS-covered employment:
 - Continue to receive benefits while reemployed; or,
 - Waive benefits for a period of at least three years.
- Regardless of choice:
 - Member and Coordinator complete *Post-Retirement Election form* and submit to OPERS.
 - Member and employer contributions begin as of the first day the member returns to a participating employer.



Retirees Returning to Work

- If the member continues to receive benefits:
 - Member and coordinator should also complete *Status of Post-Retirement Employment* form, which serves two purposes:
 1. Inform OPERS when a member is approaching the Social Security earnings limitation, if applicable; and,
 2. If the member is terminating employment.
- If the member waives benefits:
 - Must go through the retirement process again, including the 60-day notice and new retirement application, if three years is met.
 - If less than three years, he/she will get the benefit of the additional service credit on their original benefit.



Retirees Returning to Work

Social Security Administration (SSA) Earnings Limitation

- Those who will not reach SSA Full Retirement Age in 2013
\$15,120
- Those who will reach SSA Full Retirement Age in 2013
\$40,080 up to the point they reach SSA Full Retirement Age
- Those who are already at SSA Full Retirement Age
No earnings limit



What's New at OPERS

- New versions of *Essential*OPERS available online.
 - Use *Essential* series during the enrollment process, member handbook for members requesting more detailed information.
- More employer forms available on Coordinators Corner.
 - Print-friendly versions of many forms available online.
 - Online form orders have been cut in half over the last two years as a result.



Coming Soon!

- OPERS online
 - Online address change capability for employers via the OPERS online enrollment site.
 - Online submission of Final Retirement Certification (formerly *Final Unused Sick Leave Record*) via the online enrollment site.
 - Benefit estimator to provide estimates on Step-Up, Elected, Hazardous Duty and multiple-plan participation.
- New member handbook by December 2013
 - Includes plan provision changes (retirement eligibility, rounding of service credit, etc.) and content from OPERS financial planning seminars.

Online Address Change

OPERS Online - Oklahoma Public Employees Retirement System

Employee Address Change Screen

Agency OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM
515

Edit records to change Employee Addresses

[Return to Previous Screen](#)

Search Name or SSN 15

Edit	Name	SSN	Addressline1	Addressline2	Citystate	Zip	Def. Comp Member	Change DC Address	Update By	Update Date
<input type="button" value="Edit"/>	S K OWENS						Y	N		
<input type="button" value="Edit"/>	C A COOK						Y	N		
<input type="button" value="Edit"/>	T A MADDEN						Y	N		
<input type="button" value="Edit"/>	A M GRUBBS						Y	N		
<input type="button" value="Edit"/>	L C WEBB						Y	N		
<input type="button" value="Edit"/>	C STORY						Y	N		
<input type="button" value="Edit"/>	T L SPENCER						Y	N		
<input type="button" value="Edit"/>	P D ANDERSON						Y	N		
<input type="button" value="Edit"/>	S E ROE						Y	N		
<input type="button" value="Edit"/>	T L MOORE						Y	N		
<input type="button" value="Edit"/>	W M HSIEH						Y	N		
<input type="button" value="Edit"/>	M L PARSONS						Y	N		
<input type="button" value="Edit"/>	D J FRENCH						Y	N		
<input type="button" value="Edit"/>	P W LANE						Y	N		
<input type="button" value="Edit"/>	M E WEHLING						Y	N		

row(s) 16 - 30 of 50

Online Address Change

OPERS Online - Oklahoma Public Employees Retirement System

 
Help Logout

Employee Address

[Return to Previous Screen](#)

[Update Record](#)

[Print](#)

Name P W LANE

SSN

Agency 0515

Address Line 1

Address Line 2

City State

Zip

Update By

Update Date



Final Retirement Certification

- Formerly *Final Unused Sick Leave Record*
- Minor changes to form:
 - Added language from Attorney General's Opinion 2012-8
 - Added 'Retirement date'
 - Removed 'Last day physically on the job'
- Online submission of this information
 - Will soon be available via the OPERS online enrollment site
 - Added convenience for coordinators and small step toward online submission of retirement notice in the future

New Member Handbook

- Coming in December 2013
 - *EssentialOPERS* is still primary document for most members.
 - *Save Member Handbook* for those who want more detail.



EssentialOPERS
Elected Officials

OPERS
OKLAHOMA

The Oklahoma Public Employees Retirement System (OPERS) is a defined benefit retirement plan qualified under Section 401(a) of the Internal Revenue Code. Participation in OPERS is mandatory for eligible state and county elected officials. OPERS provides you a lifetime retirement benefit when you meet the eligibility requirements described below.

You participate in OPERS by contributing a portion of your salary each pay period. Your employer also contributes on your behalf. The amount of your contributions does not determine the amount of the benefit that OPERS promises you. Your benefits are determined by a formula which includes your salary and your years of credited service. The paid contributions are invested, under the direction of the OPERS Board of Trustees, to provide retirement benefits to eligible members.

This handbook is an overview describing OPERS plan provisions as of July 1, 2013. It is not a plan document and does not create any type of binding obligation, contract or promise to pay benefits. It is not a plan document. OPERS reserves the right to correct any errors contained herein to comply with federal or state statutes. For more information, refer to the Member Handbook available online at www.opers.ok.gov or you may request a copy from your Retirement Coordinator or by calling OPERS at 1-800-733-9008.

As an elected official, participation in OPERS is not mandatory, but must be determined within 90 days after you take office. The decision to participate or not is irrevocable and binding upon all future elected offices.

Membership and Participation

If you wish to participate, you must also indicate the rate at which you want to contribute. This rate choice cannot be changed as long as you hold that particular office. If you do not notify OPERS, you will default to participation at the highest contribution rate (currently 10%). Participation begins on the date you take office.

The contribution rate you choose will determine the benefit computation factor used to calculate your retirement benefits.* The elected official contribution rates, and corresponding computation factors, are given below:

Contribution Rate	4.5%	6.0%	7.5%	9.5%	9.0%	10.0%
Computation Factor	1.9%	2.5%	3.0%	3.4%	3.6%	4.0%

Vesting

Vesting means that you have accumulated enough service credit to entitle you to a lifetime monthly retirement benefit in the future. You must have six full years of participating elected service to become vested in OPERS.

You become eligible to receive full, unreduced retirement benefits under one of the following:

- **80 points** You can begin receiving an unreduced monthly retirement benefit on the first day of the month coinciding with or following the date your age plus years of service equal 80.
- **Age 60** You can begin receiving an unreduced monthly retirement benefit on the first day of the month coinciding with or following your 60th birthday with six years of full-time equivalent participation as an elected official.

Eligibility for Normal Retirement Benefits

You can begin receiving reduced monthly retirement benefits once you have reached age 55 or any subsequent month leading up to your 60th birthday, provided you have at least 10 years of participating service. If you choose early retirement, you will receive a permanent actuarial reduction in your benefit that is based on your age at retirement. The reduction tables for early retirement are available in the member handbook or by contacting OPERS.

Eligibility for Early Retirement Benefits



Annual Statements

- Information as of June 30, 2013
- Directs members to coordinators regarding name issues
- Contains information regarding:
 - Accumulated contributions
 - Beneficiary designation(s)
 - Retirement Coordinator contact information
 - Retirement eligibility requirements
 - Death benefits
- Retirement Coordinators will receive “dead-end” statements.



Q & A

Questions and Answers

Thank You



Visit the OPERS website | www.opers.ok.gov

OPERS

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