retiring RIGHT
Oklahoma Public Employees Retirement System

OPERS OKLAHOMA

Active Member Edition **Winter 2012**

Women and Retirement

Working women may face several situations that make saving for retirement more difficult, including having shorter working careers and living longer than their male counterparts.

According to the U.S. Department of Labor, women are more likely to work in part-time jobs that do not provide a retirement plan. Working women are also more likely than men to interrupt their careers to take care of family members. Therefore, they work fewer years and contribute less toward their retirement savings, resulting in lower lifetime savings.

Women as Family Caretakers

Historically, women have shouldered more of the responsibility of caring for sick and elderly family members, as well as young children. These traditional roles continue today and consequently, the average woman spends 27 years in the workforce versus 40 years for the typical man. That translates into a significant difference in income replacement for women at retirement.

For example, in OPERS, one year of service credit is equal to a two percent replacement of your income when you retire. Using the averages stated above, a woman who spent her entire career in a position covered by OPERS would replace 54 percent of her pre-retirement income versus 80 percent for her male counterpart. This leaves a significant income gap for women to meet the 70-90 percent income replacement experts recommend for retirement. This problem is compounded by the longer life expectancy of women.

(Continued on page 3)

See Inside:

CONNECTIONS

Oklahoma Public Employees Retirement System

Annual Financial Report Summary

For the Fiscal Year Ended June 30, 2011

The Director's Corner

Rational Debt Regulation

Tom Spencer, Executive Director

Oklahoma used to be famous for its unforgiving anti-debt provisions in the Oklahoma Constitution. Many are unaware that amendments and court decisions have eroded the fundamental wisdom contained in these provisions. Underlying the strict debt limitations was the notion that unrestrained public debt endangers our liberty and economy. Regulating government borrowing is also consistent with the American work ethic that no one, especially our government, should live beyond its means.

Oklahoma's debt limitations do not ban debt but only regulate how debt is incurred. Taken literally, state and local governments cannot incur debt without the approval of the electorate and the identification of a tax to repay it. School bonds are the best example of how this works. Local voters approve the amount of funds to be borrowed, the specific project to be built, as well as a tax levy to pay back the debt.

At the state level, there are now gaping loopholes in these once mighty restrictions which permit deficit spending for just about any public improvement that state leaders want to enact. History has taught us that loopholes like these need to be plugged. We need to

(Continued on page 4)

ALSO IN THIS ISSUE:

2 / Retirement 101 — Building Wealth

3 / Healthful Hints — Blood Pressure Recommendations
2011 Pre-Retirement Seminar Schedule

4 / Contact OPERS

INSIDE / 2011 Annual Financial Report Summary
CONNECTIONS

Building Wealth

What's Your Net Worth?

Fretting over your finances can be discouraging. Some people would rather not know the whole picture when it comes to how much money they have saved versus how much they owe. A Swedish proverb offers: "Worry often gives a small thing a big shadow."

Financial stress comes in all sizes, and this is not to downplay its significance in your life. However, unless we can find a way to quantify our personal financial situation, we will struggle to get on a positive financial footing. Another way to say it is: if you can measure it, you can manage it.

Using Net Worth as a Scorecard

Understanding and calculating your net worth on a regular basis (once a year should do it) is a good way to quantify ***what you own*** versus ***what you owe***.

Your Assets – Your Liabilities = Your Net Worth

Tallying your liabilities, or putting a number on how much money you owe, can be a concerning thought. However, it's the first step in building financial wealth and shouldn't be avoided. Don't be discouraged if you find yourself in a negative net worth situation. This is not uncommon. A mortgage payment in its early stages can be a significant liability when compared to your assets. A college loan for someone fresh out of school is likely to dwarf what a person will make when accepting their first job.

The key is to make sure you are on a positive path to building net worth over time. Increasing your assets (and/or decreasing your liabilities) by 5-10% annually is an example of a short-term wealth-building goal you can set for yourself.

Your money habits should support your personal values, priorities and needs. You may have heard this in the past, but having a large net worth and successfully managing your money isn't dependent on how much money you earn, but how much you keep. Paying the interest on personal debts for too long will work against the dual goal of increasing assets and decreasing liabilities.

Some Basic Wealth-Building Tips

Once you have determined your net worth, there are several suggestions for increasing your wealth, that can translate into less worry about finances and better financial security in retirement.

- **Start Saving Now** Early is always better when it comes to saving. The earlier you start saving, the longer your money has to work for you by earning compound interest and providing a safety net for short and long-term financial surprises.

- **Make Savings Automatic** You've heard about "paying yourself first". Talk to your bank or employer about starting automatic deposits to your savings account from your paycheck or checking account. Many financial institutions offer this service for free. By systematically setting money aside for yourself before paying bills is a great way to prevent your hard-earned money from being lost to the types of unneeded spending that do not support your long-term financial goals.

- **Live Below Your Means** According to *The Survey of Consumer Payment Choice*, conducted by the Federal Reserve, nearly 46% of credit card holders carried an average unpaid balance at the end of the month of $3,389. Companies spend a lot of time and resources figuring out how to tempt us to spend our money on their products. Refraining from purchases that are outside of your personal goals, and redirecting that money to savings, will provide a healthy return toward your financial security.

- **Ditch Credit, Pay with Cash** According to the Federal Reserve Board's May 2011 report on consumer credit, Americans held $793.1 billion in revolving credit card debt, or roughly $15,799 per household with credit card debt at an average interest rate of 13%. So for every $100 you charge, you'll end up paying $13 more than if you had paid in cash. That credit card debt keeps you from building wealth and should be paid off as soon as possible.

- **Individual Retirement Accounts** If your employer offers a 401(k), 457 or other similar retirement savings plan, participate in it. This is especially important if your employer offers some type of contribution match. Retirement accounts, such as SoonerSave for state employees, have multiple financial and tax benefits.

CONNECTIONS

Oklahoma Public Employees Retirement System

Annual Financial Report Summary

For the Fiscal Year Ended June 30, 2011

Dear Esteemed Member:

The Oklahoma Public Employees Retirement System (OPERS) enjoys a long relationship with you as an active member of the retirement system. That relationship began when you chose a career in public service and will culminate in a secure retirement honoring that service. The 2011 edition of the Comprehensive Annual Financial Report highlights the connections between OPERS and you throughout your working life.

Retirement benefits from OPERS are a valuable part of your overall retirement plan. A retirement benefit from OPERS is more than merely the sum of member and employer contributions paid into the Plan over your career. The investment of those contributions is vital to providing a degree of retirement security for you. A defined benefit plan like ours provides increased retirement security by offering a lifetime retirement income without the risk of ill-timed market fluctuations.

Our goal is to help you better understand how your decisions and circumstances today can impact your overall retirement preparedness. We provide a series of financial planning seminars, written publications and website to keep you informed. OPERS partners with your employer to ensure you receive the information necessary to fully understand the benefits of being a member of the Plan.

The relationship between OPERS and its members can last many decades. Whether it is the birth of a child, the change of career, or the death of a loved one, OPERS is there to assist you with your retirement plans through both the rewarding and challenging events of your life.

We are proud of the connections we make with our members and honoring your years of public service to the people of Oklahoma.

Sincerely,
Tom Spencer
Executive Director, OPERS

About OPERS

OPERS was established in 1964 by the Oklahoma Legislature. As of June 30, 2011, the Plan consisted of 286 participating employers comprised of state, county, and local agencies. The membership includes 40,551 active members, 5,522 inactive members, and 29,418 retirees and beneficiaries

The 2011 Annual Financial Report Summary of the Oklahoma Public Employees Retirement System contains summary financial information from the 2011 Comprehensive Annual Financial Report. The full report can be viewed in its entirety online at www.opers.ok.gov/publications, or a hard copy may be obtained by writing to the Oklahoma Public Employees Retirement System at P.O. Box 53007, Oklahoma City, Oklahoma 73152-3007, or by calling 1-800-733-9008.

Plan Net Assets

Plan net assets are assets less liabilities held in trust for payment of monthly retirement benefits and other qualified distributions to OPERS members. A summary of net assets held in trust for benefits on June 30, 2011, 2010, and 2009, is shown below. As of June 30, 2011, OPERS net assets were approximately $6.8 billion.

Condensed Schedule of Plan Net Assets ($ millions)

June 30,	2011	2010	2009
Cash and cash equivalents	$ 174.9	$ 157.4	$ 64.6
Receivables	360.1	307.8	471.3
Investments	6,875.9	5,766.9	5,220.6
Securities lending collateral	725.6	615.5	785.1
Property and equipment	0.8	0.7	0.4
Other assets	0.2	0.2	0.1
Total assets	**8,137.5**	**6,848.5**	**6,542.1**
Other liabilities	570.9	458.6	572.7
Securities lending collateral	725.6	615.5	795.9
Total liabilities	**1,296.5**	**1,074.1**	**1,368.6**
Ending net assets held in trust for benefits	$ 6,841.0	$ 5,774.4	$ 5,173.5

Changes in Plan Net Assets

OPERS is funded through a combination of member contributions, employer contributions and investment earnings. For fiscal year 2011, plan net assets increased primarily as a result of positive investment earnings and increased employer contribution rates.

Deductions to plan net assets are incurred primarily for the purpose for which OPERS was created, namely the payment of benefits to retirees. In fiscal year 2011, retirement, death and survivor benefits increased primarily due to the increase in the number of retired members and an increase in the average benefit. Refunds and withdrawals also increased as more participants withdrew their contributions on severance of service. Administrative costs increased primarily due to the increase in allocation rate and personnel costs.

Condensed Schedules of Changes in Plan Net Assets ($ millions)

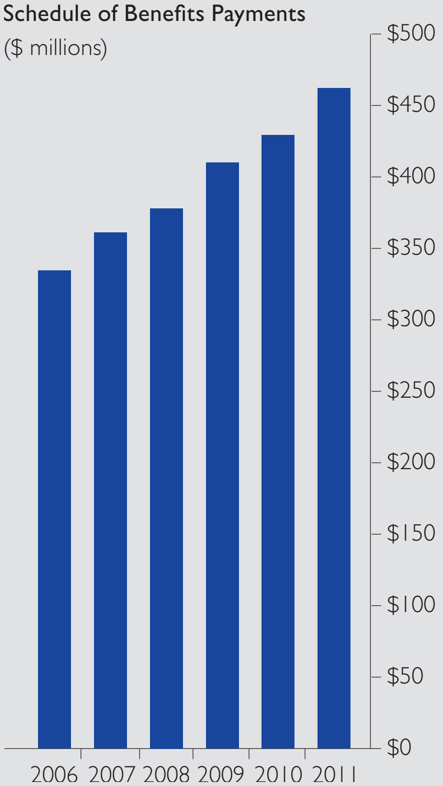
June 30,	2011	2010	2009
Member contributions	$ 66.4	$ 69.0	$ 68.7
State and local agency contributions	252.9	259.8	243.0
Net investment income (loss)	1,226.7	716.9	(967.3)
Total additions	**1,546.0**	**1,045.7**	**(655.6)**
Retirement, death and survivor benefits	462.1	429.3	410.0
Refunds and withdrawals	12.6	11.0	11.5
Administrative expenses	4.7	4.5	4.6
Total deductions	**479.4**	**444.8**	**426.1**
Total changes in plan net assets	$ 1,066.6	$ 600.9	$(1,081.7)

Benefits Paid to Members

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

The *Schedule of Benefits Payments* below provides information on the total benefit expenses incurred by the Plan consisting of age and service, disability, and beneficiary death benefits.

Schedule of Benefits Payments
($ millions)



Investments The Board of Trustees adheres to the highest standard in making investment decisions for the Plan – the Prudent Investor Rule. The Board and its advisors invest the Plan's assets for the sole interest of our membership and their beneficiaries. In addition, funds are to be diversified to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The Plan's overall investment return for the year ended June 30, 2011, was 21.2 percent. The Rate of Return table to the right reflects overall investment returns for the Plan over the past five fiscal years. The annualized rate of return for OPERS was 5.3 percent over the last three years and 5.4 percent over the last five years.

The Board of Trustees has established the *Statement of Investment Policy* to guide investment decisions and outline the overall investment philosophy of the Plan. The investment philosophy is supported by three main pillars: identifying the importance of asset allocation; diversification of the asset base as the primary risk control element; and, controlling costs through passive investment management where most appropriate. Outside investment advisors are engaged to manage the investment portfolio. The advisors are required to adhere to the investment policy and their respective mandates, but may use full discretion within the policy and guidelines. At fiscal year end, the investment portfolio of OPERS was managed by 11 investment management firms. OPERS employs one firm to manage passive mandates in several asset classes; otherwise, the remaining investment management firms each have a unique area of focus and expertise. At June 30, 2011, the allocation of the investment portfolio is shown in the Asset Mix chart to the right.

Funding A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It must also have a revenue source sufficient to keep up with future obligations. The funding objective for OPERS is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability and actuarial value of assets of OPERS as of July 1, 2011, amounted to $8.2 billion and $6.6 billion, respectively.

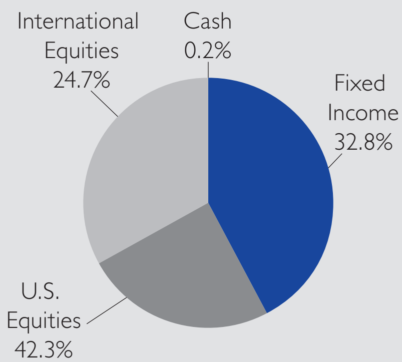
The OPERS funded status increased to 80.7 percent at July 1, 2011, from 66.0 percent at July 1, 2010, primarily as a result of the removal of the cost of living adjustment (COLA) assumption. This assumption was removed due to new legislation requiring COLAs to be funded by the Legislature before they can be passed into law. The funded status was 91.0 percent at July 1, 1997. The Legislature addressed the need for increased funding by increasing the employer contribution rate by 1.5 percent effective July 1, 2005. The next year, the rate was increased 1.0 percent for state agencies with the continuation of the 1.0 percent increase each year until it was 16.5 percent. The combined employee and employer contribution rate is now 20.0 percent. The Funded Ratio chart to the right shows the change in funded status over the past five fiscal years.

Rate of Return

Year Ending June 30,	TOTAL
2011	21.2 %
2010	13.8
2009	(15.4)
2008	(4.2)
2007	16.4

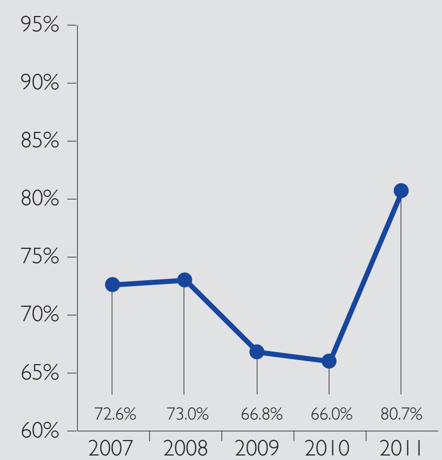
Asset Mix

June 30, 2011



Funded Ratio

As of July 1



OPERS awarded for excellence in financial reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Oklahoma Public Employees Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2010. The Award for Outstanding Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. OPERS has received the award for the last four consecutive years (fiscal years ended June 30, 2010, 2009, 2008 and 2007). We believe our current report continues to conform to the award requirements, and we are submitting it to GFOA.

In addition, OPERS was awarded the Public Pension Standards Award by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. This award is in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

CONNECTIONS

The 2011 Comprehensive Annual Financial Report, entitled Connections, can be viewed in full online at **www.opers.ok.gov/publications.**

OPERS OKLAHOMA

Oklahoma Public Employees Retirement System
P.O. Box 53007
Oklahoma City, OK 73152-3007
1-800-733-9008
www.opers.ok.gov

Healthful *hints*

Blood Pressure Recommendations

Taking care of our health often takes a back seat to juggling busy schedules. You probably only think about your blood pressure when you go to the doctor or someone cuts you off in traffic. This often overlooked health indicator can be used to help make healthy lifestyle changes for the estimated 1 in 3 U.S. adults diagnosed with high blood pressure.

Top and Bottom Numbers (Systolic/Diastolic)

The top number, or systolic, is the higher of the two numbers and measures the pressure in the arteries when the heart beats and the heart muscle contracts. The bottom number, or diastolic, is the lower of the two numbers and measures the pressure in the arteries between heartbeats when the heart muscle is resting.

From recent research, the American Heart Association (AHA) has recommended guidelines for blood pressure indicating the desired readings should be 120/<80.

Lowering High Blood Pressure

Doctor-approved diet and exercise are the most recommended activities according to the AHA to help lower blood pressure. A diagnosis can be done quickly, and painlessly in a doctor's office, pharmacy or at a health fair.

Blood Pressure Category	Systolic (top #)		Diastolic (bottom #)
Normal	Less than 120	and	Less than 80
Prehypertension	120-139	or	80-89
High Blood Pressure Stage 1	140-159	or	90-99
High Blood Pressure Stage 2	160 or higher	or	100 or higher
Hypertensive Crisis	Higher than 180	or	Higher than 110

Find out if your lifestyle choices, family history or health factors make you a likely candidate for high blood pressure.

Women and Retirement

(contiued from page 1)

Financial Impact of Living Longer

On average, a female retiring at age 65 can expect to live another 19 years – a full three years longer than a man retiring at the same age. Two sources on aging report 42% of women 65 and older are widows, and 80% of women die single compared to 80% of men who die married.

While these statistics may seem discouraging on the surface, they are meant to serve as a reality check and a warning to plan accordingly. The death of a spouse often means a drop in income from a spouse's pension and even Social Security. Also at advanced ages, medical costs will require a disproportionate amount of our savings.

Women certainly face unique financial challenges when planning for retirement, but with knowledge and planning we can gain greater peace of mind for a more secure retirement.

2012 Pre-Retirement Seminars Scheduled

OPERS has scheduled 31 Pre-Retirement Seminars in six cities throughout the state in 2012 for members who are considering retiring within the next two years.

The presentations provide information on the retirement process, timeline and necessary documents. Benefit calculations, payment options, taxes, and death benefits will be discussed in general terms and health insurance information will be provided by the Oklahoma State & Education Group Insurance Board (OSEEGIB).

Pre-Retirement videos are also available online at www.opers.ok.gov/video. Each video is 4-8 minutes in length and designed to provide a brief overview of the topics covered in the Pre-Retirement Seminar.

To register for a seminar, please call us toll-free at 1-800-733-9008. Seminars open for registration approximately 60 days prior to the event and seating is limited. For the full schedule of seminars, visit us online at www.opers.ok.gov/seminars.

Feb 2, 2012	**Enid**
Feb 16, 2012	**Tulsa**
Feb 24, 2012	**Oklahoma City**
Mar 1, 2012	**Woodward**
Mar 15, 2012	**McAlester**
Mar 30, 2012	**Oklahoma City**
April 4, 2012	**Lawton**
April 12, 2012	**Tulsa**
April 27, 2012	**Oklahoma City**
May 11, 2012	**Oklahoma City**

The Director's Corner
Rational Debt Regulation

(Continued from page 1)

return to the basics and come up with rational debt limitations. In both the private and public sectors, it is perfectly acceptable to finance capital projects over several years. However, public debt issuance for even the most laudable purposes must be strictly regulated.

Incurring unfunded pension debt could be considered a loophole in our constitutional debt limitations. In a perfect world, the State would have enough assets set aside to pay for pension obligations and there would also be no unfunded debt. As we all know, this has not been the reality with Oklahoma pensions. Representative Randy McDaniel is proposing a constitutional amendment that could bring some of the debt limitation principles to future pension legislative amendments. The description of the possible amendment to the Oklahoma Constitution includes mandatory actuarial investigations and the identification of revenue to pay for increased benefits. Some of this protection is in the current statutes, but this would put these protections into the constitution itself. It is an idea whose time has come.

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

This publication, printed by DPS Printing Services, Inc., is issued by the Oklahoma Public Employees Retirement System (OPERS) as authorized by its Executive Director. Forty-six thousand five hundred (46,500) copies have been prepared and distributed at a cost of $5,487.00. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

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.

Mailed January 2012.

OPERS
O K L A H O M A
P.O. Box 53007
Oklahoma City, OK 73152-3007