

Active Member Edition **Autumn 2013**

OPERS Board Elects New Officers



DeWayne McAnally (left) and Steve Paris (right)

On July 18, 2013, at its regular annual meeting to elect officers, the Board of Trustees of the Oklahoma Public Employees Retirement System unanimously elected DeWayne McAnally and Steve Paris to become the new chair and vice-chair of the board, respectively.

McAnally replaces former Chairman Don Kilpatrick, who announced at the May board meeting his intention to step down as chair but remain on the board. Kilpatrick had served as chairman of the OPERS board since 1985.

Kilpatrick retired from state government in 2003, after serving 18 years as a member of the Oklahoma Tax Commission. Prior to that, he served in the Oklahoma Legislature for a total of 14 years in both the House of Representatives and State Senate. When he left the legislature, he was a key member of the Senate leadership and had served for several years as chairman of the Senate Appropriations Committee.

McAnally has been on the OPERS board since 1995 and has served on the board's Investment Committee since 1996. He has been a registered Investment Advisor since 1984 and is a Certified Financial Planner providing investment advice through his firm The Advisory Group in Oklahoma City.

Paris, who also chairs the board's Budget and Policy Committee, has been on the board since 2003 and replaces McAnally as vice-chair. With nearly 30 years of experience in media relations, journalism and marketing management, Paris serves as the public information officer and rural development manager for the Oklahoma Center for the Advancement of Science and Technology.

The Director's Corner **The Last Flip Phone in America**

Tom Spencer, Executive Director

I am not a Luddite (one who is opposed to technological change). In fact, I have embraced technology in my personal and professional life. But I embrace it with skepticism to ensure it is making my personal and work life better, and is not just a time-killing or unreliable toy. So I'm proud of the fact that since I arrived at OPERS we have implemented a modern imaging system, Call Center, and a pension administration system built on modern database software.

Within a year it is our goal to roll out a whole host of online transactions to better serve our members. A wise man once advised me not to hop onto the latest technological rage until others tried it, tested it, and got the bugs out. "Be on the leading edge; not the bleeding edge" was his sage advice.

The first issue to consider must always be whether the technology makes us more efficient and less costly. Will it save space, make things simpler or be faster? If the answers are "yes", I'm all in. For the record, I purchased (with my own money) a tablet device made by a company associated with a type of fruit. I bought it

(Continued on page 6)

ALSO IN THIS ISSUE:

2 / Retirement 101

Debt and Its Impact on Retirement Savings

3 / Essential OPERS

5 / Healthful Hints

The Importance of Sleep

Keeping Your Beneficiary Designation Current

6 / Contact OPERS

RETIREMENT 101

Debt and Its Impact on Retirement Savings

According to the Employee Benefit Research Institute, nearly 82% of baby boomers (ages 55-64) are carrying significant debt loads. What does this mean for your retirement? Quite simply, the dollars going toward debt are not going toward your retirement security.

Why are we carrying debt into retirement? Mortgages, educating our children, and caring for elderly parents are taking the brunt of the blame. Not to mention rising health care costs and credit card debt. Some experts also believe boomers are not adjusting their lifestyles in retirement. Whatever the reason, it seems clear we now have to reconcile debt and retirement.

How can retirees balance their retirement income needs and debt payments?

- **Live below your means.** Paying off debt and boosting contributions to savings will help you to continue enjoying your current lifestyle better than paying a creditor each month.
- **Downsize your home.** You don't have to wait until after retirement to downsize. Take advantage of a good market and move sooner rather than later.
- **Delay Social Security benefits.** By taking Social Security benefits early, starting at age 62, you will lock yourself into a lower benefit for the rest of your life. For every year you delay past your full retirement age up to the age of 70, your Social Security benefit will increase by 8%. Delaying your benefit is a low-cost way to increase your retirement income.
- **Get a second job or work longer before retiring.** The longer you work, the longer your retirement savings will have to accumulate and grow.

- **Work longer for an OPERS participating employer.** The OPERS benefit formula explained below rewards you for longer periods of service. By increasing the amount of service you have at retirement, you will increase your OPERS retirement benefit.

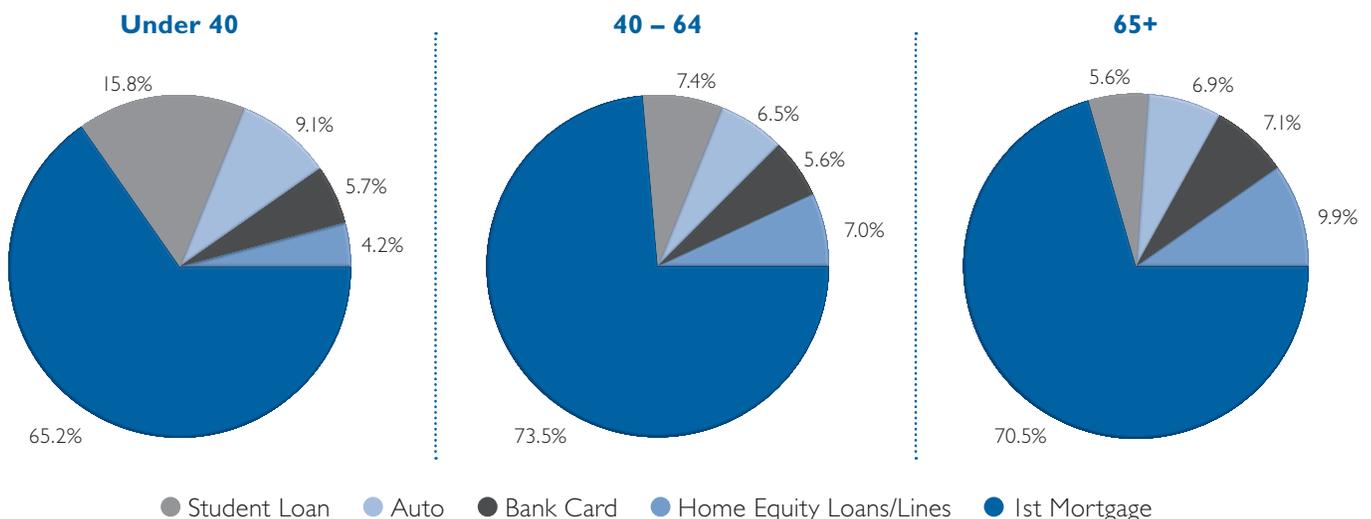
Good news for OPERS members

We all must do more for ourselves in the form of personal savings and investments for retirement. However, employer-sponsored retirement plans like OPERS and SoonerSave, along with Social Security, provide an excellent foundation for financial security by offering lifetime income sources at retirement.

The OPERS benefit is calculated using a simple formula that multiplies your final average salary, years of service credit in OPERS, and a computation factor (typically 2% for most state and local government employees). Another way to look at it is for every year of service credit you have in OPERS, you are replacing 2% of your final average salary in retirement. For example, if you retire with 25 years of participation in OPERS, you will receive a benefit from OPERS totaling approximately 50% of your final average salary (25 years multiplied by 2%).

For more information about OPERS, please visit our website at www.opers.ok.gov. For those within a couple of years of retirement eligibility, consider attending a Pre-Retirement Seminar. The complete list of seminar dates is available at www.opers.ok.gov/confidence.

Estimated Debt Allocation by Age



Source: Credit Mix June 2012

EssentialOPERS

State & Local Government Employees



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 local government employees. 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 OPERS promises you. Your benefits are determined by a formula which includes your salary and years of credited service. The paid contributions are invested, under the direction of the OPERS Board of Trustees, to provide lifetime retirement benefits to eligible members.

This handout 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. 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 agency's Retirement Coordinator or by calling OPERS at 1-800-733-9008.

Membership and Participation

Participation in OPERS begins on the first day of the month immediately following the beginning date of your employment, provided that all of the following apply:

1. Your position is permanent, not seasonal, or temporary; and,
2. Your position requires at least 1,000 hours of work per year; and,
3. Your salary is equal to or greater than the minimum wage.

Contributions

Current contribution rates are 3.5% for state employees and 16.5% for state agencies.

Local government employers choose the rate at which the organization and employee will contribute for a total of 20%. For more details on the contribution rates of a participating local government organization, see your Retirement Coordinator.

Vesting

Vesting means you have accumulated enough service credit to entitle you to a lifetime monthly retirement benefit in the future. At OPERS, you must have eight years of credited service (including six full years of full-time-equivalent employment¹) to be eligible to vest.

Eligibility for Normal Retirement Benefits

If you became a member of OPERS before November 1, 2011:

- **Age 62** – You can begin receiving full, unreduced retirement benefits when you are at least age 62 with six full years of full-time-equivalent employment²; or
- **80 Points** – You can begin receiving full, unreduced retirement benefits when the sum of your age and years of service equals 80 if you became a member before July 1, 1992; or
- **90 Points** – You can begin receiving full, unreduced retirement benefits when the sum of your age and years of service equals 90 if you became a member on or after July 1, 1992.

If you became a member of OPERS on or after November 1, 2011:

- **Age 65** – You can begin receiving full, unreduced retirement benefits when you are at least age 65 with six full years of full-time-equivalent employment²; or
- **90 Points** – You can begin receiving full, unreduced retirement benefits when you are at least 60 years of age and the sum of your age and years of service equals 90.

Eligibility for Early Retirement Benefits

If you became a member of OPERS before November 1, 2011:

- You can begin receiving reduced retirement benefits once you have reached age 55 and have at least 10 years of participating service.

If you became a member of OPERS on or after November 1, 2011:

- You can begin receiving reduced retirement benefits once you have reached age 60 and have at least 10 years of participating service.

If you choose early retirement, you will receive a **permanent** actuarial reduction in your benefit based on your age at retirement.

Eligibility for Disability Benefits

If you must terminate participation in OPERS due to significant health problems resulting in permanent disability, you may be entitled to disability benefits if:

1. You qualify for payment of disability from the Social Security Administration or the Railroad Retirement Board, the disability onset date falls within one year of your last date physically on the job, and you were an active employee with a participating OPERS employer at the time of disability onset; and,
2. You have at least eight years of credited service (including six full years of full-time-equivalent employment).

Calculating Your Retirement Benefits

Your gross annual retirement benefit is calculated by multiplying your:

- **Final Average Compensation³** – If you became a member before **July 1, 2013**, this is the average of your compensation during your highest three years out of the last 10 years of participating service prior to retirement (including highest three longevity payments). If you became a member **on or after July 1, 2013**, this is the average of your highest five years out of the last 10 years of participating service prior to retirement (including highest five longevity payments).
- **Total Service Credit** – The years and full months you have participated in OPERS, including any purchased service, prior service, bonus years, and months of unused sick leave (6 months maximum).
- **Computation Factor of 0.02 (or 2%)⁴**

If you terminate employment with a participating employer and did not accrue enough service for retirement eligibility or vesting, you may choose to:

Termination of Employment and Withdrawal

- **Leave the contributions with OPERS to retain membership and any service credit previously earned.** Upon re-employment with a participating employer, this previously earned service will be added to any new service credit and used in determining your retirement benefits; or,
- **Withdraw the contributions you have paid into OPERS.** You will lose all service credit, including prior service credit earned before the date of withdrawal, and you will no longer be a member of OPERS. No accumulated interest or increased value is paid on the withdrawn money.

¹ Full-time equivalent employment refers to a member's actual employment with a participating OPERS employer and is credited on service where the member is making contributions or purchasing service that constitutes full-time employment with a participating employer.

² In this scenario, a member only needs six full years of full-time-equivalent employment **and** must be actively employed with a participating OPERS employer.

³ In the past, certain salary caps applied. Therefore, if any of the highest years of annual compensation out of the last 10 years of compensation prior to retirement was earned before July 1, 1999, compensation for that year is subject to a cap. Contact OPERS for more information.

⁴ Members may elect to increase or *step up* the computation factor from 2% to 2.5%; thereby increasing the amount of their retirement benefits. Members electing the Step-Up are required to make an additional retirement contribution. A brochure on the Step-Up program can be obtained from OPERS or your Retirement Coordinator.

Healthful *hints*

The Importance of Sleep

According to the American Psychological Association, “more than 40 percent of adults experience daytime sleepiness severe enough to interfere with their daily activities at least a few days each month - with 20 percent reporting problem sleepiness a few days a week or more.” Our hectic lives can make sleep seem more like a luxury than a need for maintaining good health. Getting enough quality sleep at the right times can help protect your mental and physical health, quality of life, and safety. Ongoing sleep deficiency can raise your risk for some chronic health problems and affect how well you think, react, work, learn, and get along with others.

While you are sleeping, your brain is forming new pathways to help you absorb and retain information. Studies show that a good night’s sleep prepares you for the next day and improves your attention span, decision making and creativity. Whether you are learning math, how to play chess, or perfecting your golf swing, sleep helps enhance your learning and problem-solving skills.

Sleep plays an important role in your physical health, as well. For example, sleep is involved in the healing and repair of your heart and blood vessels. Ongoing sleep deficiency is linked to an increased risk of heart disease, kidney disease, high blood pressure, diabetes, stroke and obesity.

Your immune system relies on sleep to help defend your body against foreign or harmful substances, such as bacteria and viruses. Ongoing sleep deficiency can change the way in which your immune system responds. For example, if you are sleep deficient, you may have trouble fighting common infections.

Getting enough quality sleep at the right times helps you prepare and function throughout the day. If you are sleep deficient, you may have trouble solving problems, controlling your emotions and behavior, and coping with change. Sleep deficiency also has been linked to depression, suicide, and risk-taking behavior.

You need to set the stage for good sleep on a daily basis. This may involve improving your daytime habits, creating a better sleep environment, or trying to avoid eating within two to three hours before going to bed. Developing a calm, relaxing bedtime routine is also important. Keeping the same sleep schedule, even on weekends and holidays, is extremely beneficial to your sleep cycle. Finding a sleep routine that works for you will lead to a productive night’s rest.

For more information, visit www.sleepfoundation.org or www.oklahomasleepinstitute.com.

How Much Sleep Do You Really Need?

AGE	SLEEP NEEDS
Newborns (0–2 months)	12–18 hours
Infants (3–11 months)	14–15 hours
Toddlers (1–3 years)	12–14 hours
Preschoolers (3–5 years)	11–13 hours
School-age children (5–10 years)	10–11 hours
Teens (10–17 years)	8.5–9.25 hours
Adults	7–9 hours

Source: National Sleep Foundation

Keeping Your Beneficiary Designation Current

Too many OPERS members with missing, dated beneficiaries

In our most recent mailing of annual statements, OPERS identified more than 11,000 active members with missing or dated beneficiary designations on file. Don’t let this happen to you. If you pass away and have no beneficiary designated with OPERS, you run the risk of your money being distributed to a person you may not have intended. Major life events may also trigger the need to revisit your beneficiary designation.

This is not only true of your benefits with OPERS, but with many other entities, such as SoonerSave and the Employees Group Insurance Division. Forms may be obtained online.

- OPERS – www.opers.ok.gov/forms
- SoonerSave – www.soonersave.com
- Employees Group Insurance Division – www.ok.gov/sib

The Director's Corner

The Last Flip Phone in America

(Continued from page 1)

mostly for travel in place of a laptop, which seemed clunky all of a sudden. My tablet is light, sleek and powerful. My office phone is an early "smart phone" that works as a phone and email device. I've had it since 2009. No touch screen. No apps. My personal phone is a "flip phone" I've had at least as long. I can talk and text on it. No games. No internet.

Almost everyone I know with the latest smart phone has become totally addicted to it. The devices appear to be a diversion from work, personal relationships and conversation. Maybe I will be different when I get mine. Until then, I'm proud to own the last flip phone in America.

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 Quik Print of Oklahoma City, Inc., is issued by the Oklahoma Public Employees Retirement System (OPERS) as authorized by its Executive Director. Forty-three thousand seven hundred fifty (43,750) copies have been prepared and distributed at a cost of \$8,390.46. 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 November 2013.



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

