

Retired Member Edition Summer 2015

OPERS Has Moved! Same Building, New Suite

In April, we made the short but taxing journey from the 4th floor of the Paragon Building down to the 2nd floor. The OPERS staff is settling into our new office space. Our physical address is now 5801 Broadway Extension, **Suite 200**, in Oklahoma City.

Our mailing address and telephone numbers have not changed:

P.O. Box 53007
Oklahoma City, OK 73152-3007
(405) 858-6737 – OKC area
(800) 733-9008 – Toll free

As a reminder, our location is only accessible via Robinson Avenue. Visitors are advised to use the following route: exit Broadway Extension/I-235 onto NW 63rd Street; travel one block west to Robinson Avenue; turn south on Robinson Avenue and continue to the Paragon Building, which will be on your left.

We look forward to serving you in our new location.



Director's Corner Change and Progression

Joseph A. Fox, Executive Director

Change is inevitable; progression is a choice. Both are occurring at OPERS in quick fashion. In the last several months, OPERS has been busy implementing a new defined contribution system, moved its offices, and hired a new executive director, all without missing a beat. As the new executive director, I am still adjusting to my responsibilities, but the transition has been rather smooth. You may not recognize me, but I have been with OPERS for 10 years as general counsel. OPERS has been a strong and well run operation for many years, with a highly skilled and dedicated staff. It is my intention to continue this long and successful tradition.

There has been a lot of recent press coverage about retirement issues, and not all of it good. Most reports show U.S. workers are not saving enough for retirement. The good news is your retirement fund at OPERS is strong, healthy, and has made great strides since the world-wide financial downturn in 2008. We are progressing in the right direction.

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RETIREMENT 101

The Five W's of Emergency Savings

Regardless of your stage in life, one of the fundamental building blocks of a solid financial plan is emergency savings.

According to a 2014 Bankrate survey of 1,000 U.S. adults, 60 percent of Americans could not afford to pay for most unexpected expenses. Without an emergency fund, you may be just one unforeseen accident or event away from a serious financial setback.

The following are the five W's for building emergency savings.

WHO needs an emergency fund?

You! Me! Everyone! Whether you are starting your first job, have been retired for years, or somewhere in between, everyone needs to have emergency savings in place.

WHY do I need an emergency fund?

It doesn't matter how much money we make or how well we plan, bad things happen from time to time. Whether it's the car breaking down, unexpected medical expenses, or a job loss, something will inevitably occur. An emergency fund will help ensure a short-term setback doesn't turn into a long-term financial disaster.

WHAT is a good emergency fund target?

There are different opinions on how much money needs to be set aside in an emergency fund. Recommendations generally range from three to six months of your necessary monthly expenses. The bottom line is you need to set a target that feels reasonable to you by looking at your expenses. How much would you need to cover the basics of food, clothing, and shelter if you suddenly found yourself unemployed or unable to work?

This amount can seem daunting at first, but the idea is to put a small amount away each week or two and build up to that goal. You may also want to consider adjusting the amount based on your bill obligations, family needs, job stability, or other factors.

WHERE should I keep my emergency fund?

The purpose of an emergency fund is to have *funds* available during an *emergency*. Therefore, this money should be in an account where it can be retrieved without penalty or loss to the value. Just make sure it isn't so accessible that you could be tempted to dip into these funds to pay for non-emergencies (like vacations or new shoes).

WHEN do you need to start an emergency fund?

How did you know I was going to say NOW? Even if you have debt, emergency savings should still be a top priority. If you have a financial emergency and no cash, you may have no choice but to turn to high interest credit cards and loans, foreclosing on your home, or even bankruptcy. As a result, having emergency savings of at least three months of your salary should remain a top priority. That isn't to say you should pick one over the other; you can work towards emergency savings and debt reduction at the same time.

What constitutes an emergency?

Intuitively, we know what would be considered an emergency, but it needs to be defined to avoid misconceptions. A shopping spree after a tough day or an impulse trip to Vegas does not typically qualify as an emergency.

Emergencies are those bumps in the road that can derail our long-term financial goals. Things like:

- Job loss
- Medical or dental emergency
- Unexpected home repairs
- Car troubles
- Health care for loved ones
- Necessary, but unplanned travel expenses

Healthful *hints*

Five Reasons to Make Time for Reading

According to recent research, 44% of American adults do not read a book in a year.¹ These statistics are startling, particularly with so much other research touting the many benefits of reading. Below are five reasons why you should pick up a book or newspaper, or browse a blog at least once a day.

1. Relax body and mind

Life can be stressful. This is all the more reason to get lost in your favorite book. Reading allows your body to relax. A good book can distract you from your problems and give your body and mind some much-needed time to decompress. Reading is shown to reduce stress levels by 68%². Subjects in the study only needed to read, silently, for six minutes to slow down the heart rate and ease tension in the muscles.

2. Prevent major illnesses

Staying mentally active by reading or doing puzzles has been linked to lowering the risk of illnesses like Alzheimer's and Dementia³. Adults who spent their downtime doing creative or intellectual activities (like reading) had a 32% slower rate of cognitive decline later in life than those who did not⁴. These types of activities stimulate the mind.

3. Become a wordsmith

It goes without saying that reading expands your vocabulary, but it may be more effective than you think. A recent Scholastic report estimates that we learn 5-15% of all the words we know through reading. Reading is one of the best ways for people to learn new words and practice them in everyday conversation.

4. Be laser-focused

It is rare to actually sit down, unplug and read a book in today's tech-savvy society, but reading trains your body to stay focused and concentrated. And with the average attention span of an American being eight seconds⁵, we need all the training we can get!

5. Enhance memory

Think about all the times you have read a chapter in a book before going to bed. When you pick that book back up a day, a week, a month later, you still remember the characters, the plot and the action. Exercising your memory through reading can provide tangible benefits in daily life. Just ask the person who loses their keys.

So grab that hardback, charge up the tablet, or visit your local library and let the adventure begin!

¹ www.literacyprojectyfoundation.org

² University of Sussex, Mindlab International

³ National Institute on Aging

⁴ Rush University Medical Center

⁵ U.S. National Library of Medicine, National Center for Biotechnology Information

READING

for as little as



6 MINUTES

can



reduce stress 60%, slow heart beat, ease muscle tension, and alter your state of mind

READING

reduces stress



68%

more than listening to music



300%

more than going for a walk



100%

more than drinking a cup of tea



600%

more than playing a video game

Source: National Reading Campaign and CBC Books for the statistics.

2015 Legislative Summary

House Bill 1376 is the only bill to impact OPERS from the 2015 Legislative Session. The bill further defines and clarifies the new defined contribution (DC) retirement plan that was created in 2014 by House Bill 2630 and Senate Bill 2120, which will be effective for new members beginning employment on or after November 1, 2015. **These bills do not apply to you as a current active or retired member of OPERS.**

- HB 1376 clarifies who is eligible to participate in the new DC plan and aligns DC plan enrollment dates with the current defined benefit plan for ease of administration. Only employees who are employed on more than a part-time basis will participate, and participation will begin the month following employment.
- A member who begins employment on or after November 1, 2015, with an OPERS employer that does not participate in the DC plan, will participate in the defined benefit plan. However, if that member later goes to work for an employer that does participate in the DC plan, the member will join the DC plan upon employment with the new employer.
- The matching schedule for the DC plan has been changed to include a minimum employee contribution of 4.5% with an employer match of 6%. Employees may increase their contribution rate to 7% of their salary and receive a 7% match from their employer.
- An employee who leaves the DC plan, but subsequently returns to employment, will receive credit for previous service and be vested at the same percentage as when the employee left. However, all forfeited employer contributions will remain in the system to offset administrative costs.
- Similar to the current defined benefit plan, legislative session employees will make an irrevocable election to participate in the DC plan.
- Language regarding Qualified Domestic Relations Orders (QDROs) that was relevant only to the defined benefit plan has been deleted. Also, distribution to the alternate payee will not be tied to the distribution or death of the member in a defined contribution plan.

For a complete summary of these bills, please visit www.opers.ok.gov/legislation.

Immunization Clinics Offered Statewide

OKHealth's State Employee Immunization Program and Passport Health Oklahoma* will provide immunization clinics in six locations across Oklahoma during the months of July and August. Dates and times are listed below.

Immunizations offered include Shingles, Pneumovax 23 (pneumonia vaccine), Prevnar 13 (new pneumonia vaccine), Tdap (tetanus, diphtheria, pertussis), Hepatitis A, and Hepatitis B.

For more information or to schedule an appointment, you may contact Passport Health Oklahoma at (405) 563-8961, (918) 770-4290, or (580) 713-0688.

*Passport Health Oklahoma is a physician owned clinic whose aim is to improve public health through vaccination programs.

CITY	DATE(S)	TIME
Ada	July 21, 2015	9 am-4 pm
McAlester	July 22-23, 2015	9 am-5 pm
Moore / Norman	August 19-20, 2015	9 am-5 pm
Lawton	July 28-29, 2015	9 am-5 pm
Oklahoma City	August 24-25, 2015	9 am-5 pm
Woodward	August 6, 2015	9 am-4 pm

Meet the Staff

Dessa Baker-Inman

General Counsel



Dessa Baker-Inman was selected for the position of general counsel by the OPERS Board of Trustees at its February 2015 meeting. Before coming to OPERS, Dessa was a senior attorney for the Internal Revenue Service, Office of Chief Counsel, where she was responsible for litigating Tax Court cases and advising the IRS on legal matters. Prior to her service with the IRS, Dessa served as a law clerk for Judge Joe Heaton of the U.S. District Court for the Western District of

Oklahoma, as an adjunct professor of Legal Studies at the University of Oklahoma, and as an associate attorney with the law firm of Hall Estill. Dessa earned her B.B.A. from the University of Oklahoma with academic distinction and earned her J.D. and L.L.M. from Duke University School of Law with honors.

Patrick Lane

Director of Member Services



Patrick Lane was named the director of member services in February 2015, overseeing benefits administration, communications, records and the contact center. Patrick joined OPERS in October 2007, serving as communications director and beginning his second tenure in the public pension industry. Previously, he served for eight years as the director of communications and external affairs for the Indiana Public Retirement System in Indianapolis.

A Hoosier native and graduate of the Indiana University School of Public and Environmental Affairs, Patrick has spent much of his career in the development of public sector retirement education and customer service programs. He also serves on the board of the National Pension Education Association.

Director's Corner Change and Progression

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The fund assets are at an all-time high of \$8.8 Billion. The actuarial funded ratio is 88.6%, a marked improvement from the 66% funded status just a few years ago. The improvement in funding also means the unfunded liabilities of the Plan have been reduced to less than \$1 Billion for the first time in years. Current contributions are enough to cover the promised benefits and pay off the unfunded liabilities in a reasonable period of time. Investment returns have been strong for 5 years, exceeding our policy benchmark and actuarially assumed rate of return. Although the investment market in the short-term can be unpredictable, OPERS has the longest of investment horizons and focuses on long-term results.

In 2014, the Oklahoma Legislature created a new defined contribution retirement plan. The new DC plan applies only to new state employees first hired on or after November 1, 2015. The current OPERS defined benefit plan will be closed, with some exceptions, to new members after November 1. The new DC plan does not apply to hazardous duty employees, district attorneys or their staff, or any county and local employees in OPERS. If you are currently enrolled in OPERS or are a retiree, closing the DB plan will have no effect on you. The existing DB plan will continue to operate, invest, and pay benefits as always. Staff is working hard to make sure the new DC plan will be the best available for future state employees.

Most of us have had the experience of moving to a new home and know it to be a time-consuming event. You don't realize how much stuff you accumulate until you have to pack it in a box. We only moved two floors down within the same building, but it still required packing almost 800 crates and moving over 50 offices full of furniture. I knew moving our office would not be fun, but I had no idea how painful it would be. My back still aches. Change and progression.

Retirement 101

The Five W's of Emergency Savings

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Bonus: **HOW** do I save for an emergency fund?

I know 'How' is not a W word, but it does refer to another important part of a good financial plan - a *budget*. Most people don't have warm and fuzzy feelings about budgets, but the best way to be efficient with your money and to grow your emergency fund is to be aware of your spending and assign every dollar a purpose. Taking the time to do so will ensure your money is working hard for you.

The first step is figuring out where your money is going. If you don't have an emergency fund or think you don't have the money to save, take an honest look at where your money goes each month. Ask yourself: *If I lost my job, could I still afford this?* If the answer is no, it's a want, not a need. Cut back on those wants and put those dollars toward the emergency fund that you need.

Saving money isn't always easy, but it's likely to be less painful than the alternatives. An emergency fund, regardless of the size, is an essential part of a well-rounded financial plan. Having a "safety net" of emergency savings will allow you to feel more secure and prepared when the unexpected happens.

Contact OPERS

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Post Office Box 53007
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Local Phone:

(405) 858-6737

Outside Local Calling Area:

(800) 733-9008

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www.opers.ok.gov

This publication, printed by Mercury Press Inc., is issued by the Oklahoma Public Employees Retirement System (OPERS) as authorized by its Executive Director. Thirty-three thousand two hundred (33,200) copies have been prepared and distributed at a cost of \$4,747.00. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

Mailed July 2015.

PRSRSTD
U.S. POSTAGE
PAID
OKLAHOMA
CITY OK
PERMIT NO.
2712



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