

Retiree Edition Summer 2012

## Member Dies in the Line of Duty

Jeffrey Matthew McCoy  
1979–2012



The state of Oklahoma tragically lost an employee who was murdered while simply doing his job. Jeffrey Matthew McCoy was a six-year veteran probation and parole officer with the Department of Corrections who was killed when making a scheduled home visit at the home of a parolee. We felt it only fitting to honor Jeff's life and service to his state and his country.

Jeff was only 32 at the time of his death and left his wife Megan, son Alexander, age 7 and daughter Allie Elizabeth, age 4. He had a Criminal Justice degree from the University of Central Oklahoma and was a Navy veteran, serving aboard the USS Vella Gulf (CG 72) from 1998-2002 during conflicts in Kosovo and the Persian Gulf. Jeff was a Boy Scout and remained active as an adult. Most of all, he was totally devoted to his family, friends and church. At his funeral, the Reverend Dennis Quirk said Jeff loved his job "because he believed what he did mattered. He believed he could make a difference in the lives of those he served. He didn't just do his job to make a living; he did it for public safety."

A memorial fund has been set up for the benefit of Officer McCoy's children, The Jeffery McCoy Memorial/Children's Scholarship Fund, c/o BancFirst, 1201 W. Main Street, Norman, OK 73069.

## 2012 Legislative Update

The 2012 session of the Oklahoma Legislature adjourned on May 25, 2012. This was a relatively light year, in terms of legislation directly impacting OPERS and our members. In this edition of the annual legislative update, we focus on three bills signed into law by Governor Mary Fallin.

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### *The Director's Corner* **In Praise of Public Employees**

*Tom Spencer, Executive Director*

I wrote a similar column to this in 2005 and felt my fellow public employees needed a little lift coming out of several bad budget years. For a variety of reasons, it's time for another pep talk.

We all agree it's a healthy thing for our state leaders to streamline government, do away with wasteful spending, and save taxpayers' money. But I bristle more than a little when the rhetoric from some pundits comes close to attacking the work ethic or value of public employees. It is misguided and inaccurate. I have worked in the private and public sectors and I've seen just as many hard-working, dedicated employees in the public sector as in private business. It would be interesting to see how a private corporation would handle being subject to the Open Meetings and Open Records acts for even a short time. We public servants are used to it and embrace the wisdom of openness in government as a check and balance for the electorate.

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# RETIREMENT 101

## Delaying Social Security Benefits

### Helping close possible retirement income gaps

At OPERS, we talk a lot about the “four-legged chair”, or the four sources of retirement income you need to replace your current income. The two primary sources people rely on the most are employer-sponsored retirement plans like OPERS and Social Security. The other two legs being personal savings and investments and working in retirement.

Did you know you have the option of postponing Social Security to increase your benefit and help fill income gaps in retirement? Depending upon your age, you can receive a benefit increase of up to 8% for every year you postpone drawing Social Security benefits past your full retirement age, up until the age of 70 (or a maximum of 132% of full benefits under Social Security). Furthermore, delaying Social Security does not impact your eligibility for Medicare at age 65.

### How it all adds up

Social Security benefits are calculated based on how much you earned and paid into the Social Security system during your working career. Generally speaking, Social Security benefits were designed to replace a larger portion of pre-retirement income for lower wage earners and a smaller portion for higher wage earners.

### 2008 Replacement Ratio Findings

Pre-Retirement Income (\$000)	Social Security (%)
20	69
30	59
40	54
50	51
60	46
70	42
80	39
90	36

Aon Consulting and Georgia State University have become an industry standard in the measurement of retirement income needs. The table to the left comes from their 2008 Replacement Ratio Study™.

The amount of your income that Social Security replaces in retirement is unique to each person. However, using the table provided, we are assuming a family in which there is one wage earner earning \$40,000 annually, who retires at age 65 with a spouse age 62. The expected Social Security income replacement will

be approximately 54%. If this person delays taking their Social Security benefits one year past their full Social Security retirement age they would increase their benefit by approximately 8% for a total of 62% income replacement.

Now, let's assume this same person was a member of OPERS. Your OPERS pension replaces 2% of your income for every year of service you have with an OPERS-participating employer. If this person had 15 years of service in an OPERS-covered position, he/she would replace roughly an additional 30% of their income for retirement.

## The Final Word

As you can see, Social Security combined with your OPERS pension provides a good estimate of what your income replacement will be in retirement.

**62% (Social Security)**

**+ 30% (OPERS)**

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**92% income replacement**

In this example, the member has nearly replicated their pre-retirement income by delaying their Social Security benefit by only one year in conjunction with their OPERS pension. They could maintain their current standard of living in retirement with minimal adjustments to their spending habits.

As currently designed, Social Security will account for a significant portion of overall retirement income for many members. The ability to increase this income can be extremely helpful. This flexibility, combined with your OPERS pension and personal savings, can help give you more options in terms of replacing your income in retirement.

The important thing to be aware of is that income replacement in retirement comes from multiple sources, with OPERS being just one.

For additional information:

**Social Security**

[www.ssa.gov](http://www.ssa.gov)

# Healthful *hints*

## Protecting Against Skin Cancer

### New FDA rules clarify sunscreen labels

Barbecues and long days are just some of the things we enjoy during the summer, and it's easy to spend all day outside in the Oklahoma sun and end up with a sunburn. Unfortunately, according to the Skin Cancer Foundation (SCF), a person and their risk for melanoma, the most serious form of skin cancer, doubles, if he or she has had five or more sunburns and experiences early skin aging.

With this information in mind, the FDA approved new rules to help consumers select and use sunscreens appropriately, including new labeling information:

- The sunscreen must have a sun protection factor (SPF) of 15 or higher and have broad-spectrum protection against ultraviolet A (UVA) and ultraviolet B (UVB) radiation to state it lowers the risk of skin cancer and early skin aging.
- Water resistance claims must tell how much time a user can expect to get the declared SPF level of protection while swimming or sweating.
- Products cannot claim to be 'waterproof/sweatproof', or offer instant protection or protection for more than two hours without reapplication.

Sunscreen is only effective if applied correctly, and is just one safeguard for your skin. Limiting your unprotected sun exposure and wearing protective clothing, such as broad-brimmed hats and swim shirts, will also help keep your summer fun and your skin safe.

#### Helpful tips from the SCF & FDA:

- Stay in the shade, especially between 10 A.M. and 4 P.M.
- Avoid tanning and UV tanning booths.
- Use a sunscreen with an SPF of 15 or higher every day.
- Apply 1 ounce (2 tablespoons) of sunscreen to your entire body 30 minutes before going outside and reapply sunscreen every two hours, more often if you're sweating or jumping in and out of water.
- Cover up with clothing, including a broad-brimmed hat and UV-blocking sunglasses.
- Keep newborns out of the sun. Sunscreens should be used on babies over the age of six months.

For additional information:

[www.skincancer.org](http://www.skincancer.org)

[www.fda.gov/forconsumers](http://www.fda.gov/forconsumers)

## Expect the Unexpected

### Keep Financial Papers Safe and Accessible

Oklahomans are no strangers to natural disasters. We take precautions against dangerous weather by having vital supplies and protections in place to guard against the unexpected. However, do you have similar financial protections in place?

If you were displaced from your home for even a few days, would you know what bills were due, how to contact your creditors, etc.? Financial experts recommend having a plan in place for your finances that includes a kit you can easily grab and go. Your kit should contain copies of vital financial and

personal information and be stored in a safe place that few trusted friends and family members are aware of.

#### In The Kit

**A List of Contacts** – Note the phone numbers, addresses, and email addresses for family, friends, schools, medical and financial advisors, utilities, and service providers. Designate an out-of-town contact for everyone to call.

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# OPERS Recognized for Quality in Member Education



We are pleased to announce OPERS was recently awarded a Governor's Commendation at the 2012 Quality Oklahoma Team Day in recognition of our two new member education seminars – *Controlling Your Financial Future* and *Managing Your Retirement Income*.

"For the past few years OPERS has been striving to expand our member education to engage and benefit our members throughout their careers in public service," said executive director Tom Spencer. "We are honored to receive this recognition for providing quality financial planning resources to our members."

Over the past year, OPERS has provided more than 100 of the new seminars to nearly 2,000 members and the reviews have been overwhelmingly positive, with 95% of attendees indicating they would recommend the seminars to others.

As your retirement agency, it is our goal to offer timely and informative member education to help you become more informed, prepared and confident in your financial planning while also helping you better understand the financial issues and decisions involved after retirement.

Please visit our website [www.opers.ok.gov/confidence](http://www.opers.ok.gov/confidence) for more information regarding our various seminars.

## Education Matters

# 2,902

Members who have attended an OPERS seminar this year.

# 60%

Percentage of OPERS members employed by agencies who have been early adopters of the new financial planning seminars.

# 137

Number of seminars conducted by OPERS so far this year.

## Expect the Unexpected *(Continued from page 3)*

**Copies of Insurance Policies** – Make sure it includes clear insurance agent contact information.

**Password-Protected Flash Drive** – Copies of tax returns, logins, passwords, lists of account numbers and a multitude of other information can be kept on these small drives and are highly recommended.

**Medical Information** – This should include any information relevant to a medical condition that may need special care. Doctor's and pharmacy phone numbers should also be included.

**Legal Papers** – Include copies of your living will, health-care proxy or medical directive, will, durable power of attorney, and the deed to the house if applicable.

**Insurance Information Institute**  
[www.knowyourstuff.org](http://www.knowyourstuff.org)

**Internal Revenue Service**  
[www.irs.gov/newsroom](http://www.irs.gov/newsroom)

**Oklahoma Office of Homeland Security**  
[www.reddirtready.com](http://www.reddirtready.com)

## 2012 Legislative Update *(Continued from page 1)*

### House Bill 2321

#### Rounding of service credit eliminated for new members

HB 2321 eliminates rounding of service credit for members who join OPERS on or after November 1, 2012. The bill states the number of years of credited service used in calculating retirement benefits shall be based on actual years and months of credited service without rounding up or down. Members who joined OPERS prior to November 1, 2012, are not impacted by this new provision.

### House Bill 2322

#### Step-Up program offered to elected officials

Last year, Senate Bill 794 provided that newly elected officials after November 1, 2011, are subject to the same contribution rates and benefit computation factors as state and local government members of OPERS. This year, HB 2322 went further to allow elected officials to begin participating in the "Step-Up" Program just as state and local government members are allowed to do. The Step-Up program allows members to pay an additional contribution, currently 2.91%, for an increased benefit computation factor of 2.5%.

### House Bill 2939

#### I.T. consolidation and participation in Oklahoma Teachers' Retirement System

This bill affects a relatively small number of members impacted by the 2011 Information Technology Consolidation and Coordination Act. HB 2939 provides state employees who are (or were) members of the Teachers' Retirement System of Oklahoma and are transferred pursuant to the Information Technology Consolidation and Coordination Act may elect to continue their participation in the Teachers' Retirement System in lieu of participating in OPERS.

Any transferred employee who wishes to make this election must do so in writing within thirty (30) days of the effective date of this act, which is August 24, 2012. If a transferred employee who has already begun participating in OPERS elects to return to the Teachers' Retirement System, OPERS will transfer the service credit and contributions to the Teachers' Retirement System for any credit that accrued after the initial transfer. The election to continue or return to participation in the Teachers' Retirement System is irrevocable and effective until the employment with the Office of State Finance is terminated.



## Why Should I Update My Beneficiary?

Beneficiary designations are important. The beneficiary you named when you were hired may not be the same person you would want benefits paid to today. You may have forgotten to update your designation after experiencing a life-changing event.

You should consider updating your beneficiaries if you have recently experienced the birth of a child, a marriage or divorce, or a death in your family.

Updating your beneficiary is easy. All you need to do is complete and submit a Designation of Beneficiary form available at [www.opers.ok.gov](http://www.opers.ok.gov) or you can request one by calling us at (800) 733-9008. Updating your beneficiary with OPERS doesn't change the designation of your SoonerSave beneficiaries or your life insurance beneficiaries with OSEEGIB.

## The Director's Corner In Praise of Public Employees

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Only a few public servants put their lives on the line like Jeff McCoy did (see companion article), but we all serve the public or make sure these public servants have the tools they need to do their jobs. Our mission here at OPERS is to help our fellow public employees attain a secure retirement. We are trying to educate our active members early in their careers on financial issues, and educate those members close to retirement about how to file and receive their pension benefits. Our customers are public employees and they are tremendous customers.

Most jobs with the State are not glamorous, but the public is better off for the work we do. The vast majority of public servants do their jobs for average pay while being held to higher standards than those in the private sector. We may never cross paths with these people, but we rely on them as prison guards, child welfare workers, mental health counselors, oil well inspectors, road construction flag men and women, water quality testers, agriculture inspectors, criminal prosecutors, and all of the rest.

I still believe public service is a high calling, and it continues to be my honor and privilege to serve not only the public, but to also serve the hardworking, dedicated public servants of this great state.

## Contact OPERS

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[www.opers.ok.gov](http://www.opers.ok.gov)

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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.



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