

Active and 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 Jeffrey McCoy Memorial/Children's Scholarship Fund, c/o BancFirst, 1201 W. Main Street, Norman, OK 73069.

Fast Lane to Retirement

Submitting documents early can help save time and frustration

Retirement can be a confusing and stressful time. You are going to make some very important decisions as you enter retirement. One way to reduce that stress is to submit important documents to OPERS before you start the retirement process.

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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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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 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.

Fast Lane to Retirement *(Continued from page 1)*

We will ask you for a number of documents to ensure we pay the right amount to you at the right time. We also must ensure we have the proper documents to pay the right person(s) upon your death.

Important documents OPERS will likely need to process your retirement include:

- Birth certificates for you and your joint annuitant
- Marriage license and/or divorce decree
- Death certificate

If you submitted these documents to your employer, that

doesn't necessarily mean they were forwarded to OPERS. If you have any doubt about what documents OPERS has on file for you, simply give our Member Services Department a call at (800) 733-9008.

You may not be retiring tomorrow, but you can help speed up the process by submitting important documents now.



Essential/URSJJ

Uniform Retirement System for Justices & Judges



The Uniform Retirement System for Justices and Judges (URSJJ) is a retirement plan administered by the Oklahoma Public Employees Retirement System (OPERS) Board of Trustees for Justices and judges of the Supreme Court, Court of Criminal Appeals, Worker's Compensation Court, Court of Civil Appeals, and District Court. URSJJ is qualified under Section 401(a) of the Internal Revenue Code to provide you a lifetime retirement benefit when you meet the eligibility requirements described below.

You participate in URSJJ 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 URSJJ 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 URSJJ plan provisions as of July 1, 2012. It is not a plan document and does not create any type of binding obligation, contract, or promise to pay benefits. URSJJ 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 URSJJ at 1-800-733-9008.

Membership and Participation

Membership in URSJJ begins immediately upon appointment or election to the bench.

Contributions

Contribution rates for **July 1, 2012 – June 30, 2013** (8% member, 13.0% employer)

The employer contribution rate will increase by 1.5% at the beginning of each fiscal year until it reaches 22.0% in FY 2019. For more details on the contribution rates, 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. In URSJJ, you must have eight years of credited service as a Justice or judge to be eligible to vest.

Eligibility for Normal Retirement Benefits

If you became a member of URSJJ before January 1, 2012:

- **Age 60** – You can begin receiving full, unreduced retirement benefits when you are at least age 60 with 10 years of service as a Justice or judge; or
- **Age 65** – You can begin receiving full, unreduced retirement benefits when you are at least age 65 with eight years of service as a Justice or judge; 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 of URSJJ on or after January 1, 2012:

- **Age 62** – You can begin receiving full, unreduced retirement benefits when you are at least age 62 with 10 years of service as a Justice or judge; or
- **Age 67** – You can begin receiving full, unreduced retirement benefits when you are at least age 67 with eight years of service as a Justice or judge.



Uniform Retirement System for Justices & Judges

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

1-800-733-9008 • www.opers.ok.gov

Eligibility for Disability Benefits

If you must terminate participation in URSJJ due to significant health problems resulting in permanent disability, you may be entitled to disability benefits if you are age 55 or older and have 15 or more continuous years of judicial service and retirement by reason of physical disability is ordered by the Court on the Judiciary.

Calculating Your Retirement Benefits

Your gross annual retirement benefit is calculated by multiplying your:

- **Final Average Salary¹** – The average of your compensation during your highest three years.
- **Total Service Credit** – The years and full months you have participated in URSJJ, including any purchased and prior service. Total service is rounded up or down to the nearest full year.
- **Computation Factor of 0.04 (or 4%)**

Post-Retirement Employment

If you are elected or appointed to any judicial or other office covered by URSJJ after retirement, your retirement compensation will be suspended while you hold that office. You will participate in the system while reemployed; however, upon leaving office, your retirement compensation will be reinstated.

Post-retirement employment in any other capacity does not limit or suspend you from receiving your URSJJ retirement benefits.

Termination of Employment and Withdrawal

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

- **Leave the contributions with URSJJ to retain membership and any service credit previously earned.** Upon re-employment with a URSJJ 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 URSJJ.** 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 URSJJ. No accumulated interest or increased value is paid on the withdrawn money.

Member Communications

URSJJ provides a number of member communications, including (among others):

- Publications and notices, including member handbooks, newsletters, and annual statements of account to active and vested members.
- Informational seminars on financial and retirement planning, and
- Web site at www.opers.ok.gov.

¹ In the past, certain salary caps applied. Therefore, if any of the highest three 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.

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 income you need to replace your income in retirement. The two primary sources people rely on the most are employer-sponsored retirement plans like URSJJ and Social Security. The other two legs being personal savings and investments and working in retirement.

Did you know you have 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.

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 right 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 \$90,000 annually, who retires at age 65 with a spouse age 62. The expected Social Security income replacement will

be approximately 36%. 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 44% income replacement.

Now, let's assume this same person was a member of URSJJ. Your URSJJ pension replaces 4% of your income for every year of judicial service. If this person had 12 years of judicial service, he/she would replace roughly an additional 48% of their income for retirement.

The Final Word

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

44% (Social Security)

+ 48% (URSJJ)

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 URSJJ 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 URSJJ 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 URSJJ being just one.

For additional information:

Social Security

www.ssa.gov

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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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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