



# THE CALL TO SERVE

## Popular Annual Financial Report

for the Fiscal Year Ended June 30, 2013

### Dear Esteemed Member:

In 1825, American Statesman Daniel Webster said, "Let us develop the resources of our land, call forth its power, build up its institutions, promote all its great interests, and see whether we also in our day and generation may not perform something worthy of being remembered."

Public service is alive and well in Oklahoma and Webster's words still ring true today. We take great pride at the URSJJ in serving those who serve the people of Oklahoma.

This edition of the *Popular Annual Financial Report* honors the call to serve that the Justices and Judges of the Supreme Court, Court of Criminal Appeals, Courts of Civil Appeals, Workers' Compensation Court, and the District Courts have answered with their time and talents.

We are pleased to provide you with this report and hope you find it informative.

Sincerely,

Tom Spencer  
Executive Director



### ABOUT URSJJ

The URSJJ is a single-employer public employer retirement plan established in 1968 by the Oklahoma Legislature. The Plan covers Justices and Judges who sit on the Supreme Court of Oklahoma, the Oklahoma Court of Criminal Appeals, the Oklahoma Court of Civil Appeals, the Oklahoma District Courts and the Oklahoma Workers' Compensation Court, as well as the Administrative Director of the Courts. As of June 30, 2013, the Plan's membership includes 273 active members, 19 inactive members, and 230 retirees and beneficiaries.

*The 2013 Popular Annual Financial Report of the Uniform Retirement System for Justices and Judges (URSJJ) contains summary financial information from the 2013 Comprehensive Annual Financial Report. The full report can be viewed in its entirety online at [www.opers.ok.gov/publications](http://www.opers.ok.gov/publications).*



**PLAN NET POSITION**

Plan net position is assets less liabilities restricted for payment of monthly retirement benefits and other qualified distributions to URSJJ members. A summary of net position restricted for pension benefits on June 30, 2013, 2012, and 2011, is shown to the right. As of June 30, 2013, URSJJ net position was approximately \$263 million.

**CHANGES IN PLAN NET POSITION**

The URSJJ is funded through a combination of member contributions, employer contributions and investment earnings. For fiscal year 2013, plan net position increased \$19.4 million or 8.0% primarily due to increases of 7.5% in investments and 160.8% in pending sales of securities partially offset by a 96.6 % increase in pending purchases of securities.

Deductions to plan net position are incurred primarily for the purpose for which the URSJJ was created, namely the payment of benefits to retirees. In fiscal year 2013, retirement, death and survivor benefits increased \$0.1 million or 0.8% and the average benefit increased 0.4% despite a 1.3% decrease in the number of retirees. This was attributable to the number of retirees not decreasing until the second half of the fiscal year. Refunds and withdrawals decreased 90.4% from the prior year because the total amount withdrawn is dependent on the amounts of the specific members electing to withdraw contributions each year. Administrative costs decreased 17.2% when compared to the prior year due to a decreased allocation rate of 14.9% and decreases in personnel costs.

**BENEFITS PAID TO MEMBERS**

Participants who became members prior to January 1, 2012, qualify for full retirement benefits at the earliest of the following: age 65 with eight years of judicial service; age 60 with 10 years of judicial service; or, when the sum of at least eight years of credited service and age equals or exceeds 80. Participants who became members on or after January 1, 2012, qualify at age 67 with eight years of judicial service, or at age 62 with 10 years of judicial service.

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.

**Condensed Schedule of Plan Net Position**

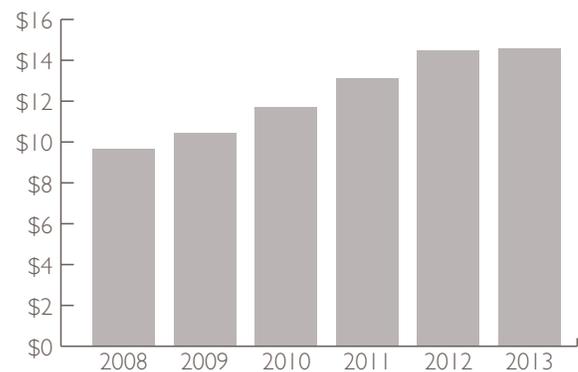
(\$ millions)	June 30,		
	2013	2012	2011
<b>Assets:</b>			
Cash and cash equivalents	\$ 6.1	\$ 3.9	\$ 5.0
Receivables	26.3	10.7	13.0
Investments	265.0	246.6	250.8
Securities lending collateral	14.8	6.0	18.4
<b>Total assets</b>	<b>312.2</b>	<b>267.2</b>	<b>287.2</b>
<b>Liabilities:</b>			
Other liabilities	34.2	17.4	20.6
Securities lending collateral	14.8	6.0	18.4
<b>Total liabilities</b>	<b>49.0</b>	<b>23.4</b>	<b>39.0</b>
<b>Ending net position restricted for pension benefits</b>	<b>\$ 263.2</b>	<b>\$ 243.8</b>	<b>\$ 248.2</b>

**Condensed Schedules of Changes in Plan Net Position**

(\$ millions)	June 30,		
	2013	2012	2011
Member contributions	\$ 2.5	\$ 2.6	\$ 2.7
State and local agency contributions	4.1	3.6	3.2
Net investment income	27.5	4.4	44.5
<b>Total additions</b>	<b>34.1</b>	<b>10.6</b>	<b>50.4</b>
Retirement, death and survivor benefits	14.6	14.5	13.1
Refunds and withdrawals	0.0	0.3	0.2
Administrative expenses	0.1	0.2	0.1
<b>Total deductions</b>	<b>14.7</b>	<b>15.0</b>	<b>13.4</b>
<b>Total changes in plan net position</b>	<b>19.4</b>	<b>\$ (4.4)</b>	<b>\$ 37.0</b>

**Schedule of Benefit Payments**

(\$ millions)



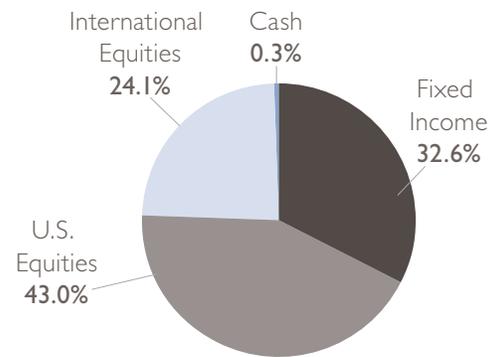
**INVESTMENTS**

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, 2013, was 11.5 percent. The increase in the Plan’s managed investments is reflective of the increase in domestic and international equity markets for the year. The *Rate of Return* table to the right reflects overall investment returns for the Plan over the past five fiscal 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 the URSJJ was managed by four investment management firms. The URSJJ 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. For fiscal year 2013, investments provided a 11.5 percent rate of return. The annualized rate of return for the URSJJ was 11.3 percent over the last three years and 5.8 percent over the last five years. At June 30, 2013, the allocation of the investment portfolio is shown in the *Asset Mix* chart to the right.

Rate of Return	
Year Ending June 30,	Total
2013	11.5 %
2012	1.9
2011	21.4
2010	14.3
2009	(15.7)

**Asset Mix**  
June 30, 2013

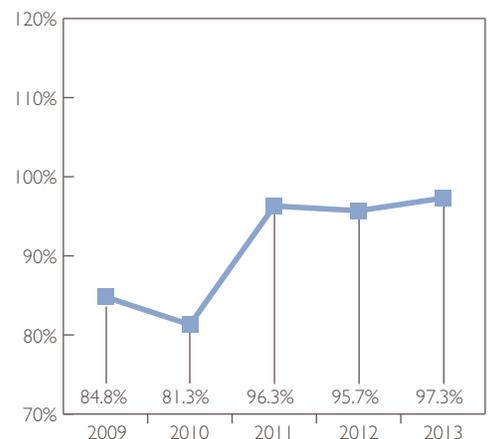


**FUNDING**

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 the URSJJ 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 the URSJJ as of July 1, 2013, amounted to \$254.4 million and \$247.5 million, respectively.

The URSJJ funded status was 97.3 percent at June 30, 2013, compared to 95.7 percent at June 30, 2012. The key items responsible for the change in funded status were the effect (\$3.4 million) of contributions less than the actuarial rate and negative return on actuarial value of assets of \$0.5 million. These items were partially offset by a liability gain of \$7.7 million. The *Funded Ratio* chart to the right shows the change in funded status over the past five fiscal years.

**Funded Ratio**  
As of July 1,



**THE URSJJ AWARDED FOR EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the Uniform Retirement System for Justices and Judges (URSJJ) for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The CAFR was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate the URSJJ's financial story.

This year marks the first time the URSJJ has published a Popular Annual Financial Report. The Plan will submit this report to the GFOA for their consideration for an Award for *Outstanding Achievement in Popular Annual Financial Reporting*.

The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL, and Washington, D.C.



**Supreme Court of Oklahoma**



**Oklahoma Court of Criminal Appeals**



**Oklahoma Court of Civil Appeals**



**Oklahoma Workers' Compensation Court**



**THE CALL TO SERVE**

The 2013 Comprehensive Annual Financial Report, entitled *The Call To Serve*, can be viewed in full online at [www.opers.ok.gov/publications](http://www.opers.ok.gov/publications).