

2015

A BRIGHT FUTURE STARTS HERE

Popular Annual Financial Report for the Fiscal Year Ended June 30, 2015

Dear Esteemed Member:

We are pleased to bring you the Popular Annual Financial Report for the Uniform Retirement System for Justices and Judges (URSJJ) for the fiscal year ended June 30, 2015.

The URSJJ is committed to providing quality financial and retirement planning education early and often throughout our members' careers. Success in retirement is within reach for our members who dedicate themselves to the noble calling of public service.

The 2015 edition of the Comprehensive Annual Financial Report expands on some of the retirement planning concepts we convey to members as they plan for their future. We believe that a bright future starts with good planning, and each section of the Comprehensive Annual Financial Report is dedicated to one important retirement planning concept. Examples include:

- What does retirement readiness really mean;
- Understanding the risks of retirement;
- Setting well-defined financial and retirement goals;
- Using the "four-legged" chair as a model; and,
- Reducing debt.

The URSJJ has taken an active role in helping our members be better prepared for retirement by providing comprehensive information throughout their careers. Being adequately prepared requires taking steps years, even decades, in advance. Ongoing retirement education is available to members in a number of ways, including financial planning seminars, the *Retiring Right* newsletter, member publications, online resources, and a friendly staff waiting to answer any question.

We strive to help our members on their journey to a financially secure retirement – a retirement that rewards the service provided to the citizens of our great state.

Sincerely,

Joseph A. Fox
Executive Director

COMPREHENSIVE ANNUAL FINANCIAL REPORT ONLINE

The 2015 Popular Annual Financial Report of the Uniform Retirement System for Justices and Judges (URSJJ) contains summary financial information from the 2015 Comprehensive Annual Financial Report. The full report can be viewed, in its entirety online, at www.opers.ok.gov/publications.

ABOUT URSJJ

The URSJJ is a single-employer public employee 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 Courts 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, 2015, the Plan's membership includes 271 active members, 18 inactive members, and 260 retirees and beneficiaries.

NET POSITION

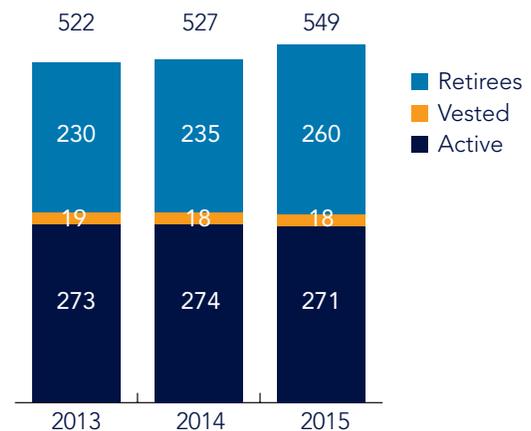
Net position represents assets less liabilities held in trust for payment of monthly retirement benefits and other qualified distributions to URSJJ members. A summary of net position restricted for pensions on June 30, 2015, 2014, and 2013, is shown to the right. As of June 30, 2015, URSJJ net position was approximately \$301 million.

CHANGES IN FIDUCIARY NET POSITION

The URSJJ is funded through a combination of member contributions, employer contributions and investment earnings. For the year ended June 30, 2015, fiduciary net position decreased \$0.1 million, or 0.1%. Total assets increased by \$5.6 million, or 1.7%, due to an increase of 0.9% in investments and an increase of 9.1% in securities lending collateral, partially offset by a decrease of 0.3% in pending sales of securities. Total liabilities increased 21.0% primarily due to a 33.1% increase in pending purchases of securities and a 9.1% increase in securities lending collateral.

Deductions to fiduciary net position are incurred primarily for the purpose for which the URSJJ was created, namely the payment of benefits to retirees. For the year ended June 30, 2015, total deductions increased \$1.2 million, or 8.1%, from the prior year. Retirement, death, and survivor benefits increased \$1.2 million, or 7.7%, and the average benefit increased 3.1% due to a 10.6% increase in the number of retirees. Refunds and withdrawals increased 95.2% from the prior year because the total amount withdrawn is dependent on contribution amounts of the specific members electing to withdraw contributions each year. Administrative costs increased 8.6% when compared to the prior year due to an overall increase in personnel costs in spite of a decrease in the allocation rate of 1.0%.

DEMOGRAPHICS CHART



CONDENSED SCHEDULES OF FIDUCIARY NET POSITION

(\$ millions)	June 30		
	2015	2014	2013
Assets:			
Cash and cash equivalents	\$ 3.3	\$ 1.6	\$ 6.1
Receivables	9.7	9.7	26.3
Investments	306.6	303.9	265.0
Securities lending collateral	15.1	13.9	312.2
Total assets	334.7	329.1	312.2
Liabilities:			
Other liabilities	18.3	13.7	34.2
Securities lending collateral	15.1	13.9	14.8
Total liabilities	33.4	27.6	49.0
Ending net position restricted for pensions	\$ 301.3	\$ 301.5	\$ 263.2

CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

(\$ millions)	June 30		
	2015	2014	2013
Member contributions	\$ 2.7	\$ 2.5	\$ 2.5
State and local agency contributions	5.3	4.6	4.1
Net investment income	8.2	46.2	27.5
Total additions	16.2	53.3	34.1
Retirement, death and survivor benefits	16.1	14.9	14.6
Refunds and withdrawals	0.1	0.1	0.0
Administrative expenses	0.1	0.1	0.1
Total deductions	16.3	15.1	14.7
Net (decrease) increase in net position	\$ (0.1)	\$ 38.2	\$ 19.4

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 Benefit Payments* to the right provides information on the total benefit expenses incurred by the Plan consisting of age and service, disability, and beneficiary death benefits.

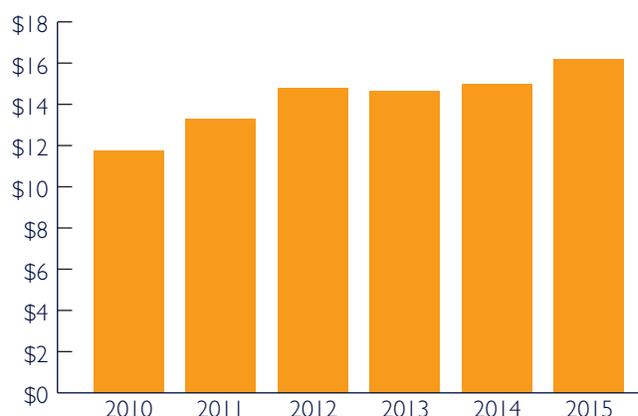
INVESTMENTS

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, 2015, was 2.8 percent. The increase in the Plan’s managed investments is reflective of the increase in fixed income and domestic 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 three 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

SCHEDULE OF BENEFIT PAYMENTS

(\$ millions)

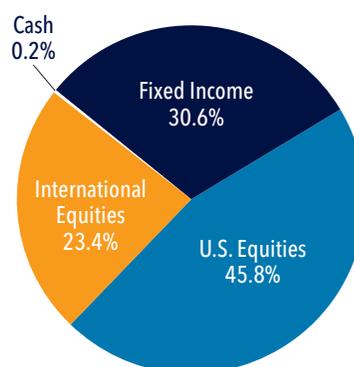


RATE OF RETURN

Year Ending June 30,	Total
2015	2.8%
2014	17.7
2013	11.5
2012	1.9
2011	21.4

ASSET MIX

June 30, 2015



year 2015, investments provided a 2.8 percent rate of return. The annualized rate of return for the URSJJ was 10.5 percent over the last three years and 10.8 percent over the last five years. At June 30, 2015, the allocation of the investment portfolio is shown in the *Asset Mix* chart above.

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 as of July 1, 2015 amounted to \$266.4 million and \$295.4 million, respectively.

The URSJJ funded ratio had been steadily declining from 2002 to 2010, falling below 100 percent for the first time at July 1, 2007 and declining further to 81.3 percent at July 1, 2010 before rebounding significantly to 96.3 percent at July 1, 2011 due to the removal of the cost-of-living-adjustment (COLA) assumption, and increased further to 110.9 percent as of July 1, 2015. In part this overall decline was due to an employer contribution rate decrease in January 2001 and the lifting of the salary cap for benefit calculation for the past seven years. Effective July 1, 2005, in an effort to address the decline, the employer rate was increased 1.0 percent annually for two years, and at July 1, 2007 it was increased 1.5 percent annually up to 22.0 percent for fiscal years ending 2019 and thereafter. The Funded Ratio chart to the right shows the change in funded status over the past six 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 given an *Award for Outstanding Achievement in Popular Annual Financial Reporting* to the Uniform Retirement System for Justices and Judges for its Popular Annual Financial Report for the fiscal year ended June 30, 2014. The Award for Outstanding Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit

must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the award requirements, and we are submitting it to GFOA. The URSJJ received this award last year.

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