

Active Member Edition Winter 2013

2013 Pre-Retirement Seminars Scheduled

OPERS has scheduled 31 Pre-Retirement Seminars in six cities across the state in 2013 for members who are considering retirement within the next two years.

The presentations provide information on the retirement process, including timelines and necessary documents. Benefit calculations, payment options, taxes, and death benefits are discussed in general terms and health insurance information is provided by the Employees Group Insurance Division.

OPERS also offers the Managing Your Retirement Income Seminar as an optional, morning supplement to each Pre-Retirement Seminar. This seminar helps you identify your retirement income sources, how your OPERS pension works with Social Security and personal savings, and options for closing potential gaps in your retirement income.

To register for the seminars, please call us toll-free at 1-800-733-9008. Seminars are open for registration approximately 60 days prior to the event and seating is limited. For the full schedule of seminars, visit us online at www.opers.ok.gov/confidence.

Seminar Date	Location	Seminar Date	Location
Jan 25, 2013	Oklahoma City	Mar 14, 2013	McAlester
Jan 31, 2013	Enid	Mar 29, 2013	Oklahoma City
Feb 14, 2013	Tulsa	Jan 25, 2013	Oklahoma City
Feb 22, 2013	Oklahoma City	April 4, 2013	Lawton
Feb 28, 2013	Woodward	April 11, 2013	Tulsa

The Director's Corner Made in America?

Tom Spencer, Executive Director

Recently, I saw an interview NBC's Brian Williams did with Apple CEO Tim Cook. On the up side, Cook was touting Apple's plan to manufacture a line of iMac computers in the U.S. One would hope this wouldn't be news for the largest U.S. company, but it is commonly known that most Apple products are assembled overseas. Is it because of the high cost of wages in the U.S.? That's not the case at all said Mr. Cook. It was the lack of American workers with adequate training. He said, "Over time, there are skills that are associated with manufacturing that have left the U.S." That can't be right can it? American manufacturing know-how used to be the envy of the world.

In early 2012, the Information Technology & Innovation Foundation released a study with some sobering statistics. According to the study, the U.S. lost about 30% of its manufacturing jobs during the Great Depression. More recently, the U.S. lost 33% of its manufacturing jobs from 2000 to 2010. Some say the decline in manufacturing jobs is simply a matter of increased productivity and innovation. While partially true, this report also points out that there was a decline in actual manufacturing output.

(Continued on page 8)

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OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

ASCENT

POPULAR ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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ASCENT

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RETIREMENT 101

Understanding your credit score

What's in a number?

Credit is a fact of life for Americans. Most of us cannot buy a car, home or new big screen TV without credit. When applying for that new credit card, companies will look at your credit score to see if you are a financial risk. Your credit score can also determine what interest rate you will get, and how much something will cost you.

What is a good credit score?

Credit scores range between 300 (extremely high risk) and 850 (extremely low risk). Creditors establish their own guidelines and break points for approving credit, but here is what credit scores may mean for your personal finances:

300-580 You'll be denied credit or approved only at the highest, most costly interest rates.

581-650 You may qualify for credit at higher interest rates.

651-710 You'll qualify for credit at more moderate interest rates.

711-750 You'll qualify for credit at competitive interest rates.

751 + You'll get the most competitive, lowest interest rates on the market.

How is your score calculated?

When you borrow money, your lender sends information to a credit bureau (see side bar for credit bureau contact information). The credit report details how well you have handled your debt to determine a credit score based on five major factors.

Payment history (35%): The first thing any lender wants to know is whether you have paid past credit accounts on time.

Amounts owed (30%): Having credit accounts and owing money on them does not necessarily mean you are a high-risk borrower with a low credit score.

Length of credit history (15%): Generally, a longer credit history will increase your credit score. However, those with a shorter history may also have a high credit score, depending on how the rest of the credit report looks. Your credit score takes into account: how long your credit accounts have been established, including the age of your oldest account; the age of your newest account and average age of all your accounts; how long specific credit accounts have been established; and how long it has been since you used certain accounts.

New credit (10%): Research shows that opening several credit accounts in a short period of time represents a greater risk - especially for people with a shorter credit history.

Additional Resources:

AnnualCreditReport.com

1-877-322-8228

Equifax

1-800-685-1111

equifax.com

Experian

1-888-397-3742

experian.com

TransUnion

1-800-916-8800

transunion.com

www.myfico.com

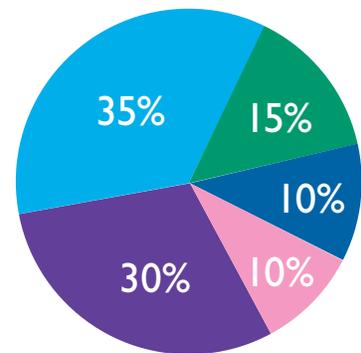
www.ftc.gov/moneymatters

Federal Trade Commission:

"Building a Better Credit Report"

www.ftc.gov/bcp/edu/pubs/consumer/credit/cre03

www.mymoney.gov



- Payment history
- Amounts owed
- Length of credit history
- New Credit
- Types of credit used



OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

ASCENT

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

DEAR ESTEEMED MEMBER:

Preparing for a secure retirement involves successfully navigating a series of important financial decisions throughout your life. Retirement is not a singular event. It is the culmination of many years of hard work, imagination, and making choices supporting your long-term financial well-being. This edition of the Popular Annual Financial Report reflects upon your *Ascent* in the pursuit of a secure, rewarding retirement.

Much like a climber securing a foothold on a rocky surface, you are faced with difficult financial decisions in an ever-changing environment. How you approach and negotiate those challenges will ultimately determine your retirement readiness.

The Oklahoma Public Employees Retirement System takes pride in providing timely educational programs, informative publications, and a courteous, professional staff to serve and support you as you design the retirement that rewards your service to the people of Oklahoma.

Retirement truly is a journey, not a destination. Reaching the summit of a successfully planned retirement provides a beautiful view.

Sincerely,

Tom Spencer
Executive Director

ABOUT OPERS

The Oklahoma Public Employees Retirement System (OPERS) was established in 1964 by the Oklahoma Legislature. As of June 30, 2012, the Plan consisted of 287 participating employers comprised of state, county, and local agencies. The membership includes 42,569 active members, 5,497 inactive members, and 30,263 retirees and beneficiaries.

The 2012 Popular Annual Financial Report contains summary financial information from the 2012 Comprehensive Annual Financial Report. The full report can be viewed in its entirety online at www.opers.ok.gov/publications, or a hard copy may be obtained by writing to OPERS at P.O. Box 53007, Oklahoma City, Oklahoma 73152-3007, or by calling 1-800-733-9008.

PLAN NET ASSETS

Plan net assets are assets less liabilities held in trust for payment of monthly retirement benefits and other qualified distributions to OPERS members. A summary of net assets held in trust for benefits on June 30, 2012, 2011, and 2010, is shown to the right. As of June 30, 2012, OPERS net assets were approximately \$6.8 billion.

CHANGES IN PLAN NET ASSETS

OPERS is funded through a combination of member contributions, employer contributions and investment earnings. For fiscal year 2012, plan net assets decreased 0.3 percent primarily due to a 0.2 percent decrease in investments resulting from a decline in investment income.

Deductions to plan net assets are incurred primarily for the purpose for which OPERS was created, namely the payment of benefits to retirees. In fiscal year 2012, retirement, death and survivor benefits increased primarily due to the increase in the number of retired members and an increase in the average benefit. Refunds and withdrawals also increased as more participants withdrew their contributions on severance of service. Administrative costs increased primarily due to the increase in the allocation rate and personnel costs.

BENEFITS PAID TO MEMBERS

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals or exceeds 80 (Rule of 80), and for any person who became a member after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90).

The *Schedule of Benefits 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.

CONDENSED SCHEDULE OF PLAN NET ASSETS

(\$ millions)

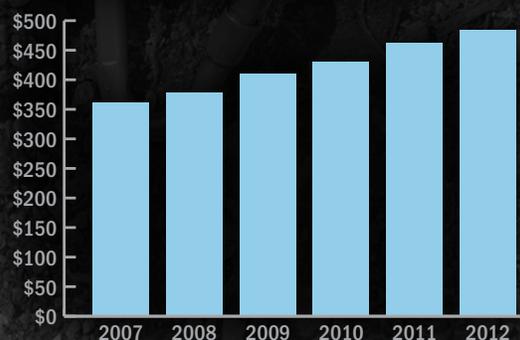
June 30,	2012	2011	2010
Assets:			
Cash and cash equivalents	\$ 132.5	\$ 174.9	\$ 157.4
Receivables	326.9	360.1	307.8
Investments	6,864.9	6,875.9	5,766.9
Securities lending collateral	438.0	725.6	615.5
Property and equipment	0.9	0.8	0.7
Other assets	0.3	0.2	0.2
Total assets	7,763.5	8,137.5	6,848.5
Liabilities:			
Other liabilities	504.2	570.9	458.6
Securities lending collateral	438.0	725.6	615.5
Total liabilities	942.2	1,296.5	1,074.1
Ending net assets held in trust for benefits	\$ 6,821.3	\$ 6,841.0	\$ 5,774.4

CONDENSED SCHEDULE OF CHANGES IN PLAN NET ASSETS

(\$ millions)

June 30,	2012	2011	2010
Member contributions	\$ 66.3	\$ 66.4	\$ 69.0
State and local agency contributions	262.7	252.9	259.8
Net investment income	154.7	1,226.7	716.9
Total additions	483.7	1,546.0	1,045.7
Retirement, death and survivor benefits	484.3	462.1	429.3
Refunds and withdrawals	14.3	12.6	11.0
Administrative expenses	4.8	4.7	4.5
Total deductions	503.4	479.4	444.8
Total changes in plan net assets	\$ (19.7)	\$ 1,066.6	\$ 600.9

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, 2012, was 2.4 percent. This investment performance, although modest, placed OPERS in the top quarter of its public fund peers. 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 OPERS was managed by 11 investment management firms. OPERS 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 2012, investments provided a 2.4 percent rate of return. The annualized rate of return for OPERS was 12.2 percent over the last three years and 2.8 percent over the last five years. At June 30, 2012, the allocation of the investment portfolio is shown in the *Asset Mix* chart to the right.

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 OPERS 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 OPERS as of July 1, 2012, amounted to \$8.3 billion and \$6.7 billion, respectively.

The OPERS funded status was 80.2 percent at July 1, 2012, compared to 80.7 percent at July 1, 2011. The key items responsible for the change in funded status was an actuarial loss on assets of \$231 million partially offset by an actuarial accrued liability gain of \$115 million. The funded status was 66.0 percent at July 1, 2010. Legislation enacted in 2011 significantly increased the funded ratio to 80.7 percent at July 1, 2011. This new legislation required cost of living adjustments to be funded by the Legislature before they can be passed into law and provided for the removal of the cost of living adjustment assumption from actuarial assumptions and methods. The *Funded Ratio* chart to the right shows the change in funded status over the past five fiscal years.

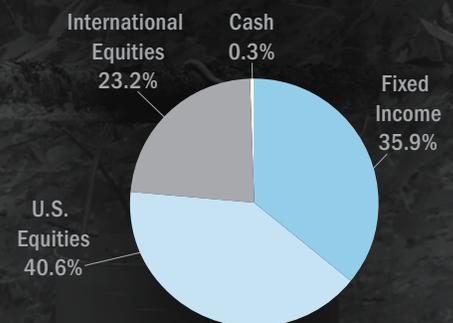
RATE OF RETURN Year Ending June 30,

TOTAL

2012	2.4 %
2011	21.2
2010	13.8
2009	(15.4)
2008	(4.2)

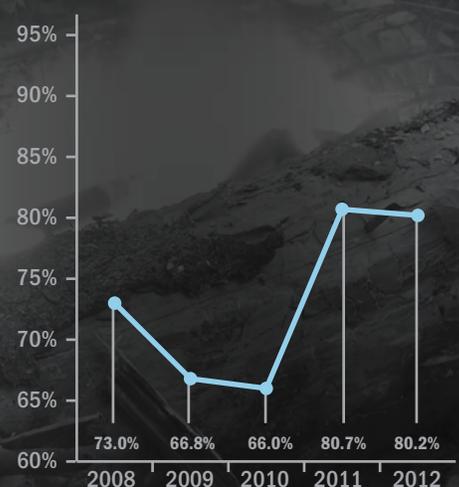
ASSET MIX

June 30, 2012



FUNDED RATIO

As of July 1,





POPULAR ANNUAL FINANCIAL REPORT

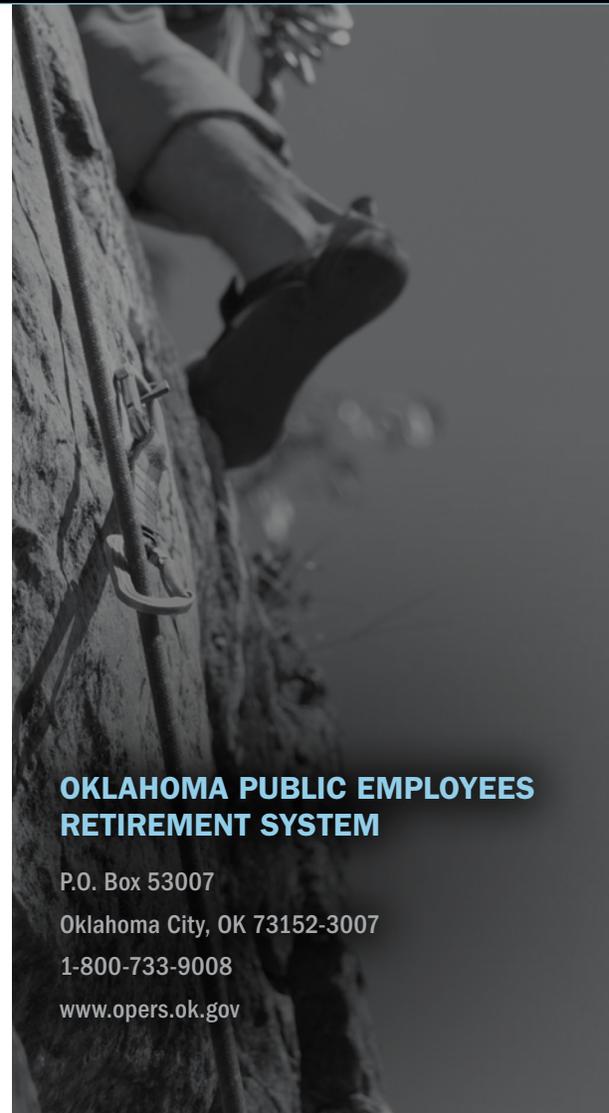
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

OPERS 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 Oklahoma Public Employees Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2011. 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. OPERS has received the award for the last five consecutive years. We believe our current report continues to conform to the award requirements, and we are submitting it to GFOA.

In addition, OPERS was awarded the Public Pension Standards Award for Funding and Administration by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. This is the second consecutive award OPERS has received in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.



OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

P.O. Box 53007

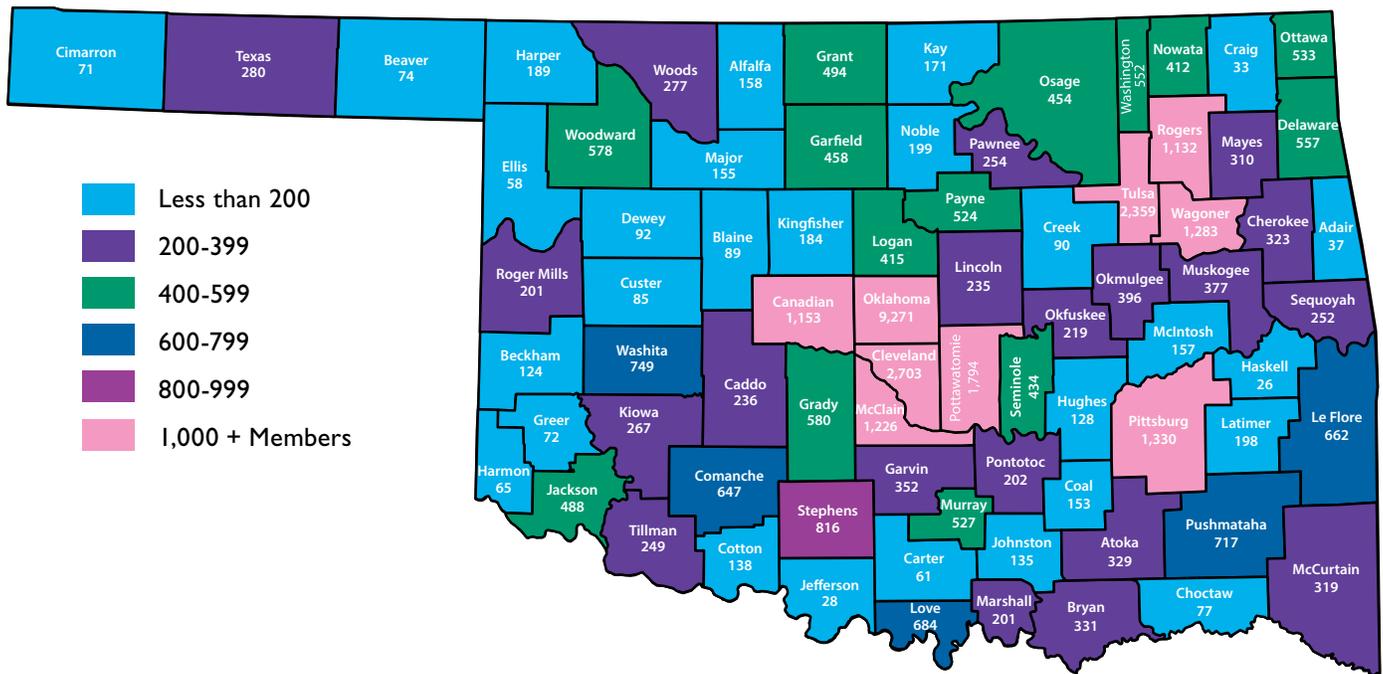
Oklahoma City, OK 73152-3007

1-800-733-9008

www.opers.ok.gov



OPERS Active Members by County



Understanding your credit score | What's in a number?

(Continued from page 2)

Types of credit in use (10%): The score will consider your mix of credit cards, retail accounts, installment loans, finance company accounts and mortgage loans.

So, you made some bad decisions in the past and now you are thinking about taking a loan, but first you need to improve your credit score. Here are a few steps you can take to improve your score.

1. Check your credit report at www.annualcreditreport.com and correct any inaccuracies. When negative information in your report is accurate, only the passage of time can assure its removal. A credit reporting company can report most accurate negative information for seven years and bankruptcy information for 10 years.
2. Always pay your bills on time. Delinquencies have the biggest negative effect on your credit score.
3. Pay down your debt. Reducing your overall debt is a very effective way to improve your credit score.

4. Be cautious about opening or closing lines of credit. Closing credit cards could actually lower your credit score.
5. Beware of credit-repair scams. Sometimes doing it yourself is the best way to repair your credit. There are many helpful resources available online at the Federal Trade Commission website www.ftc.gov. One resource on the FTC website, "Credit Repair: How to Help Yourself", explains how you can improve your creditworthiness and lists legitimate resources for low-cost or no-cost help.

There are no shortcuts to improving your credit score. Improving your credit score is more about fixing errors in your credit history (if they exist) and then following the tips listed here to maintain consistent, good credit history. Raising your score after a poor mark on your report, or building credit for the first time, will take patience and discipline.

The Director's Corner Made in America?

(Continued from page 1)

It is now an accepted fact that the U.S. and other developed countries have more service-based economies. This is true, but skilled manufacturing jobs are generally higher paid than in the service sector. I remember an economic developer in the 1980s telling me Oklahoma's economy couldn't improve by just "washing each other's laundry." So true. An economy can only thrive by selling products and services outside of its borders.

To put this in the most elemental terms, our economy will always need to "make stuff" and have consumers who can "buy stuff." We need to make more products here in the good ol' U.S. of A. American companies may finally be realizing that outsourcing their manufacturing out of this country may indeed give them short-term profits, but will continue to drive down wages. Consequently, these lower paid workers will not be able to buy as many of the goods these same companies produce. Protectionism? Not at all. It's just common sense that we need to maintain our ability to produce all kinds of goods. If we don't, we may ultimately only know how to do each other's laundry.

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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