

Active Member Edition Summer 2014

Governor signs retirement bills into law

Defined contribution system created for new members

Governor Mary Fallin has signed **House Bill 2630** and **Senate Bill 2120** into law creating a defined contribution retirement system for most new members who join OPERS on or after November 1, 2015. **Neither of these bills applies to current active or retired members of OPERS.**

HB 2630 directs OPERS to establish a defined contribution retirement system for members first employed by a participating employer of the system on or after November 1, 2015, including statewide elected officials and legislators. The provisions of this bill are not applicable to hazardous duty members, district attorneys, assistant district attorneys or other employees of the district attorney's office who will continue to participate in the defined benefit plan.

Participating employees will contribute between 3% and 7% of their compensation. Participating employers will match employee contributions up to 7%, but not less than 3%. The OPERS Board will provide investment choices for participants to have investment discretion of all employee contributions and employer matching funds.

Participants will always be 100% vested in their contributions and the gains or losses on those contributions. Employees will become vested in the employer contributions, and gains or losses, at 20% per year until becoming fully vested after five full years.

SB 2120 expands the list of excluded participants in the new defined contribution system. Those excluded are employees of a county, county elected officials, county hospital, city or town, conservation district, circuit engineering district, and any public or private trust in which a county, city or town participates and is the primary beneficiary.

The bill also permits any person first licensed by the Department of Rehabilitation Services as a vending operator or managing operator on or after November 1, 2015, to be eligible for participation in the defined contribution system.

Participants in the defined contribution system will not be eligible for the \$105.00 monthly health insurance subsidy currently paid by OPERS.

For a complete summary of these bills, please visit www.opers.ok.gov/legislation.

The Director's Corner Happy 50th Birthday, OPERS!

Tom Spencer, Executive Director

In 1962, Governor Henry Bellmon was elected as Oklahoma's first Republican Governor. I had the good fortune of getting to know Governor Bellmon when he came back to serve his second term in the late 1980s. He was the most plain-spoken politician I've ever been around. You may not know this, but one of Governor Bellmon's proudest accomplishments was the creation of the Oklahoma Public Employees Retirement System in 1964. He saw it as a way to encourage longevity and bolster Oklahoma's new Merit System of employment created under Governor J. Howard Edmondson. So 2014 marks OPERS' 50th anniversary.

OPERS has delivered as promised and as dreamed about by its creators. We pay out about a half billion dollars a year in benefits to around 32,000 retirees and beneficiaries located across the state and around the globe. As I wrote in my last column in January, the financial position of OPERS has improved dramatically. It is collecting enough in contributions to pay its unfunded liabilities within a reasonable time and is nearly 82% funded. Many people over the decades can take credit for its success. The record should reflect the outstanding job that a series of OPERS boards and hundreds of past and present OPERS staffers have done to provide financial security to public employees.

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RETIREMENT 101

Understanding Important Age Milestones

The best retirement plans will begin early in a person's career and continue past your working years. Awareness of important milestone ages along the way can help avoid potential pitfalls and pave the way for a happy and productive retirement.

Early Career

20s In our 20s, the distant idea of retirement competes with other financial obligations of career and family. It can leave us feeling spread too thin financially and retirement savings becomes easy to put on hold. The most important reason to begin saving early for retirement is compound interest. Time is your greatest ally at this age. Making retirement savings a priority early in your career will have a substantial, positive impact on the financial risks of inflation, increasing health care costs, and outliving your savings in retirement.

Mid-Career

50 Important considerations in the middle portion of our working years are contribution limits and early withdrawal periods. "Catch-up" provisions begin at age 50. The 2014 annual contribution limit for pre-tax retirement savings plans, like SoonerSave, increases from \$17,500 to \$23,000 with catch-up. That is an additional \$5,500 that can be invested and benefit from compound interest. Those over 50 can also contribute an additional \$1,000 annually in a Traditional or Roth IRA (\$6,500 for 2014).

59½ If you retire early, you should be aware of the early withdrawal penalty for people younger than age 59½. The 10% penalty applies to early distributions from an individual retirement account (IRA), 401(k), 403(b), or other qualified retirement plan before reaching age 59½.

Late Career

62 Baby boomers born in 1948 reach age 66 in 2014, which is the full retirement age with Social Security for anyone born between 1943 and 1954. Social Security provides several options to begin drawing benefits: early retirement starting at age 62, normal retirement based on your date of birth, or delayed benefits up to the age of 70.

70 As with any type of early benefit, electing early Social Security benefits will result in a permanently reduced benefit. You can avoid the early reduction by electing benefits at your Social Security full retirement age, or increase your Social Security benefit by 8% per year for each year you delay claiming up until age 70. There are no additional benefits to delaying Social Security payments after age 70. For more information, visit Social Security online at www.ssa.gov.

65 Medicare eligibility begins at age 65. Regardless of your work status, you need to contact the Social Security administration three months before you reach age 65. Signing up right away can help you avoid increased Medicare Part B premiums.

70½ Required Minimum Distribution (RMD) refers to the amount that qualified pre-tax retirement savings plan participants must begin taking a distribution from their retirement accounts by April 1 following the year they reach age 70½. RMD amounts must then be distributed each subsequent year. Your plan administrator should notify you in writing of the amount and date by which this distribution needs to occur. Make sure to stay vigilant of the Required Minimum Distribution deadlines, as to avoid the 50 percent penalty assessed to those who fail to take the required disbursement.

? The last number is a little harder to nail down – how long will you live? Most people underestimate how long they need to plan on living, and so run the risk of running out of resources in retirement. The average life expectancy for a man reaching age 65 would be another 19 years and 21 years for a woman. Many experts recommend on planning for at least 10-15 years past the average. Visit the life expectancy calculator at www.livingto100.com to get a better idea of how long you should plan on living in retirement.

Social Security — Normal Retirement Age	
YEAR OF BIRTH	AGE
1937 and prior	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-54	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Healthful *hints*

Allergies

According to the Asthma and Allergy Foundation of America, an estimated 50 million Americans suffer from allergies, including indoor/outdoor, food and drug, latex, insect, skin, and eye allergies. Allergies are the fifth leading chronic disease in the U.S. among all ages and third most common chronic disease among children under 18.

What Are Allergies?

An allergy is characterized as an overreaction of the human immune system that reacts to a usually harmless substance in the environment. These substances are referred to as allergens. Common examples of allergens are pollen, mold, and animal dander.

Allergens may be eaten, breathed into the lungs, injected, or touched and can trigger a series of events known as an allergic reaction. For the millions of Americans suffering from allergies, contact with allergens can lead to coughing, sneezing, itchy, watery eyes, runny nose, and a scratchy throat. Other reactions may include rashes, hives, difficulty breathing, asthma attacks, or low blood pressure.

Common Allergens

Seasonal allergies, or hay fever, typically appear in the spring and fall months when certain trees and grasses pollinate. Perennial allergies, such as pet dander, dust mites and mold, may appear throughout the year, but often have the same symptoms as seasonal allergies. A food allergy is a reaction triggered by the immune system and often confused with food intolerance, which does not involve the immune system and symptoms are often outgrown.

In addition to allergens, stress may also have negative effects on seasonal allergy sufferers. The *Annals of Allergy, Asthma & Immunology* followed 179 patients with hay fever over a 12-week period. Sixty-four percent of the participants with higher stress levels reported a greater number of flare-ups than those participants reporting little or no stress. The cycle of stress, allergies, more stress can be vicious for those afflicted.

Allergy Relief

When confronted with allergy symptoms, we often turn to over-the-counter medications in the form of non-drowsy formulas, one-a-day dosages, antihistamines, nasal corticosteroids, and nonprescription decongestants for relief. Those suffering from the most severe allergies may consider a series of allergy shots, known as immunotherapy.

5 Worst Cities For People With Allergies in 2014

1. Louisville, Kentucky
2. Memphis, Tennessee
3. Baton Rouge, Louisiana
4. Oklahoma City, Oklahoma
5. Jackson, Mississippi



Source: Asthma and Allergy Foundation of America

Beyond taking a trip to the local pharmacy, we can make several adjustments in our daily routines to offset the presence of allergens, including:

- Closing doors and windows and utilizing air conditioning;
- Checking and servicing air conditioner and furnace filters;
- Maintaining indoor humidity level of less than 50%;
- Leaving shoes at the door to prevent tracking in pollen;
- Wiping down dog's coat before re-entering your living space; and,
- Shampooing in the evening to prevent pollen from rubbing off on pillows.

Before you step outside, check the pollen count and plan accordingly. Pollen counts are usually highest between 10am and 4pm. Pollen is more prevalent in moderate temperatures with low humidity and a gentle breeze, while rain washes pollen away. The American Academy of Allergy, Asthma & Immunology's National Allergy Bureau offers daily pollen and mold levels by area, emailed directly to you. To sign up, go to www.aaaai.org/global/nab-pollen-counts.aspx.

Allergies may be caused by various sources and result in numerous reactions. Being aware of what exactly triggers your allergies, the types of treatments available, and making minor changes to your lifestyle can largely impact your quality of life during allergy season.

The Director's Corner Happy 50th Birthday, OPERS!

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During the 2014 legislative session, the State of Oklahoma decided to change its policy for OPERS retirement benefits. In the face of growing pension debt in all six of the state retirement plans, and a belief that the State would benefit from a more portable plan, the Legislature passed a "defined contribution" plan for OPERS in HB 2630.

Under 2630, the OPERS defined benefit plan will be closed to most new state employees effective November 1, 2015. When it was clear that the creation of a defined contribution plan was a certainty this session, OPERS staffers and I worked closely with the authors to make it a model piece of legislation. We are committed to its success.

On November 1, 2015, new state employees will have the opportunity to contribute up to 7% of their salary and get a dollar-for-dollar match of 7% from their employers to invest for their future. OPERS will provide a sound list of investment options with educational information on how best to protect one's nest egg. My staff is already planning the rollout that will take place next year. Our staff will be helping the next generation do what OPERS has done for its current retirees. The mission of OPERS hasn't changed. It is still to help provide retirement income security for public employees just as Henry Bellmon dreamed would happen some 50 years ago.

Contact OPERS

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Oklahoma Public Employees Retirement System
Post Office Box 53007
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Local Phone:

(405) 858-6737

Outside Local Calling Area:

(800) 733-9008

Website:

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.

Mailed July 2014.



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Fast Lane to Retirement

Submitting vital documents early can help save time and frustration

Retirement can be a confusing and stressful time. You are going to be making 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.

Beginning September 12, 2014, vital documents will be required before a member may request a benefit estimate. Providing documents early can save you time!

We will be asking you for a number of documents to ensure that we pay the right amount to you at the right time. We also have to make sure we have the documents to ensure we pay the right person(s) upon your death.

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

Birth Certificate – All retirees will need to submit their birth certificate. Also, if you are naming a joint-annuitant to receive a survivor benefit upon your death, you will need to submit a birth certificate for that person, as well. If you do not have a birth certificate, there are a number of other documents you can provide in its place, including:

- Notification of registration of birth in a public registry of vital statistics;
- Hospital birth record made before you were five years old certified by the custodian of such record;
- A foreign government record giving your date of birth or a foreign birth certificate certified by the custodian of such record;
- Naturalization record;
- U.S. passport; or,
- A signed letter from the Social Security Administration giving your date of birth, as shown by their records.

If you do not have any of these documents, you may submit two of the following documents:

- Military record giving your date of birth;
- Religious record of your birth or your age made before you were three months old and certified by a custodian of such record;
- Certification of record of age by the United States Census Bureau giving your date of birth; or,
- Marriage record showing date of birth certified by the custodian of such record.

Marriage License – If you are married at the time of retirement, your spouse has a legal right to be named as your joint-annuitant. In order to meet this requirement, we will need a marriage license to your current spouse.

Divorce Decree/Death Certificate – If you were married and that marriage ended as a result of divorce or the death of your spouse while you were working for an OPERS participating employer, you will also need to provide a divorce decree or certified death certificate.

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

Please understand that if you submitted these documents to your agency, that doesn't necessarily mean that 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.

IMPORTANT – Documents will not be returned to you. Please submit legible copies only. Please include your name and Social Security number in the top-right corner of all documents.