

Retired Member Edition Winter 2016

Vacation Rental Scams 4 Things to Consider Before Booking Your Next Trip

According to an OPERS New Retirements survey, 20% of recent retirees are planning to travel.

Vacation rental stays are on the rise, across all age demographics. Unfortunately, this presents an increased opportunity for scammers. Below are a few things to keep in mind before booking your next trip.

Verify Property Exists

Scammers have been known to use false addresses or to use addresses of actual buildings that turned out to be warehouses, offices, or vacant lots. Make use of free tools such as Google Maps to verify the vacation rental you are considering actually exists. Use aerial and street-level view functions to verify that the pictures presented with the vacation rental ad match the search results. Also, be vigilant for duplicate ads. The property being for sale, having a non-existent address, or the address being listed as a business are all red flags.

Scrutinize the Owner

Many owners are members of renters' associations. You can contact the association to find out if the owner is in good standing. Many county assessors' offices now offer an online record search. If available, check to see if the owner's last name matches the name on property records. Also, avoid owners who require communication solely by email, as email addresses are easily falsified. Instead, make phone contact as often as possible.

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Director's Corner The Life in Your Years

Joseph A. Fox, Executive Director

As Will Rogers said, "Half our time is spent trying to find something to do with the time we have rushed through life trying to save." It seems we have rushed through another year and a new year is upon us. There was an abundance of activity at OPERS in 2015 and much was accomplished. Most importantly, your retirement system continues to move in the right direction.

The actuarial funded ratio for OPERS was 93.6% at the end of fiscal year 2015. The funded ratio has been over 80% for five straight years, and over 90% for the first time since 1999. The funded ratio represents the percentage of assets available to cover accrued benefit payments to retirees. On the liability side, the unfunded liability has dropped dramatically from \$3.3 billion in 2010 to \$576 million in 2015. The favorable improvement in these numbers is the combined result of several factors, including strong investment returns and OPERS receiving the necessary contributions to pay for the promised benefits and continue to pay down the unfunded liability.

The Legislature has done an outstanding job of providing contributions at levels to keep OPERS on track to a fully
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Tax Season is Upon Us
For more information visit,
www.opers.ok.gov/1099

RETIREMENT 101

The 50/20/30 Formula for Budgeting

Budgets are not usually held in high esteem. For most, budgets feel restrictive, require hours upon hours of organizing receipts, and are generally unsustainable. Instead of accounting for every dollar, set up a framework that keeps spending in balance. Once your money is in balance, you can stop worrying about it and managing your money becomes automatic.

The 50/20/30 formula for budgeting is a way to look at only three broad areas instead of juggling various, specific categories.



Starting with your net income (your income after taxes), balance spending between just three categories:

- 50% will go toward your needs,
- 20% will go toward your savings, and
- 30% will go toward your wants.

50% – Fixed Expenses (Needs)

No more than 50% of your spending should be on the essentials in your budget. These include the things you must pay no matter what. For example: a place to live, utilities, medical care, insurance, transportation, and minimum payments on any legal obligations (i.e. car payments, child support, etc.).

To determine if it is a need, answer these three questions.

1. If you lost your job, would you keep spending money on this?
2. Could you live without this purchase for six months?
3. Could you live in safety and dignity without this expense?

20% – Financial Obligations (Savings)

At least 20% or more of your income should be going toward your financial obligations. The “savings” category actually includes two kinds of money – past and future. In this category, you will tackle paying off your credit cards, medical debt, car loans, mortgage, and other debts.

Along with your debt repayment, this category is also where you will save for the future. This includes establishing your emergency savings, saving for retirement, and saving for other financial goals.

30% – Personal Choices (Wants)

Once your needs and savings are established, you may consider your wants. You deserve some space where you can relax and enjoy yourself. Pinching pennies is unsustainable in the long-term, so once you have your needs and your savings in balance you can spend your “wants” money without guilt. The key is to stay within 30% of your income.

Examples often include: cable, internet and phone plans, charitable giving, childcare, entertainment, gym fees, hobbies, pets, personal care, restaurants, movies, shopping and other miscellaneous expenses.

Here are a few ideas to help move your budget closer to the 50/20/30 ideal:

- Lower your insurance costs
- Get rid of insurance you don't need
- Consolidate student loans
- Refinance mortgage
- Negotiate for a better deal
- Avoid long-term contracts
- Get a roommate
- Sell the stuff you don't need
- Get a second job
- Be a smart shopper, and compare prices and quality

Online Resources:

- www.opers.ok.gov/confidence
- www.mint.com
- www.mybalancebudget.org
- www.mymoney.gov
- www.smartaboutmoney.org
- www.youneedabudget.com

The 50/20/30 formula is a good goal to target, and every step you take to move closer to this balance is a victory. If you have questions or need help, visit some of the resources provided in the box above.

When you know your budget is balanced, your money worries will begin to fade away. The realization that your obligations are met and it is okay to spend a certain amount on fun stuff will prevent the added stress of continually asking, “Can I really afford this?” Using the 50/20/30 Formula can help you relax and enjoy your money.

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 Oklahoma Public Employees Retirement System (OPERS) for the fiscal year ended June 30, 2015.

OPERS 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.

OPERS 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 Oklahoma Public Employees Retirement System (OPERS) 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 OPERS

OPERS was established in 1964 by the Oklahoma Legislature. As of June 30, 2015, the Plan consisted of 287 participating employers comprised of state, county, and local agencies. The membership includes 43,843 active members, 5,863 inactive members, and 32,754 retirees and beneficiaries.

NET POSITION

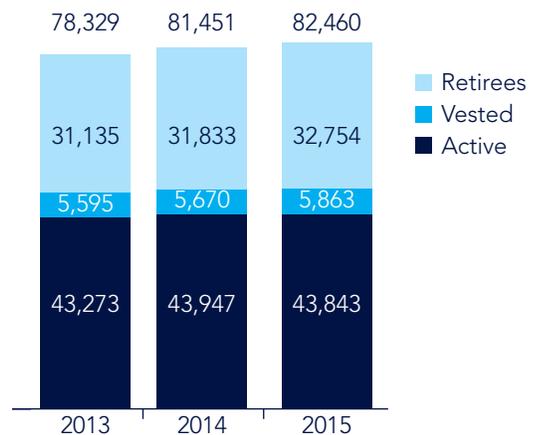
Net position represents assets less liabilities held in trust for payment of monthly retirement benefits and other qualified distributions to OPERS members. A summary of net position restricted for pensions on June 30, 2015, 2014, and 2013, is shown to the right. As of June 30, 2015, OPERS net position was approximately \$8.6 billion.

CHANGES IN FIDUCIARY NET POSITION

OPERS is funded through a combination of member contributions, employer contributions and investment earnings. For the year ended June 30, 2015, fiduciary net position increased by \$66.3 million, or 0.7% from June 30, 2014. Total assets increased \$182.5 million, or 1.9%, due to a 0.9% increase in investments partially offset by a 1.3% decrease in pending sales of securities, and a 1.2% decrease in securities lending collateral. Total liabilities increased \$116.2 million, or 11.8%, due to a 31.1% increase in pending purchases of securities partially offset by a 1.2% decrease in the securities lending collateral liability.

Deductions to fiduciary net position are incurred primarily for the purpose for which OPERS was created, namely the payment of benefits to retirees. For the year ended June 30, 2015, total deductions increased \$23.1 million, or 4.3%, from the prior year. Retirement, death, and survivor benefits increased \$21.8 million, or 4.2%, due to a 2.9% increase in the number of retirees at year end and a 1.8% increase in the average benefit. Refunds and withdrawals increased \$0.7 million, or 4.9%, as more participants withdrew contributions during fiscal 2015. The 10.1% increase in administrative costs was primarily due to the increase in personnel costs.

DEMOGRAPHICS CHART



CONDENSED SCHEDULES OF FIDUCIARY NET POSITION

(\$ millions)	June 30		
	2015	2014	2013
Assets:			
Cash and cash equivalents	\$ 197.0	\$ 81.9	\$ 212.4
Receivables	285.5	289.3	631.0
Investments	8,673.3	8,594.6	7,443.7
Securities lending collateral	584.0	591.2	688.7
Property and equipment	0.7	1.0	1.0
Other assets	0.3	0.4	0.2
Total assets	9,740.8	9,558.4	8,977.0
Liabilities:			
Other liabilities	520.4	397.0	846.5
Securities lending collateral	584.0	591.2	688.7
Total liabilities	1,104.4	988.2	1,535.2
Ending net position restricted for pensions	\$8,636.4	\$8,570.2	\$7,441.8

CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

(\$ millions)	June 30		
	2015	2014	2013
Member contributions	\$ 73.1	\$ 70.5	\$ 68.2
State and local agency contributions	292.2	280.0	270.0
Net investment income	264.3	1,317.9	804.1
Total additions	629.6	1,668.4	1,142.3
Retirement, death and survivor benefits	542.5	520.6	502.6
Refunds and withdrawals	15.6	14.9	14.6
Administrative expenses	5.2	4.7	4.6
Total deductions	563.3	540.2	521.8
Net (decrease) increase in net position	\$ 66.3	\$ 1,128.2	\$ 620.5

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 on or after June 30, 1992, when the member’s age and years of credited service equals or exceeds 90 (Rule of 90). Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

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.

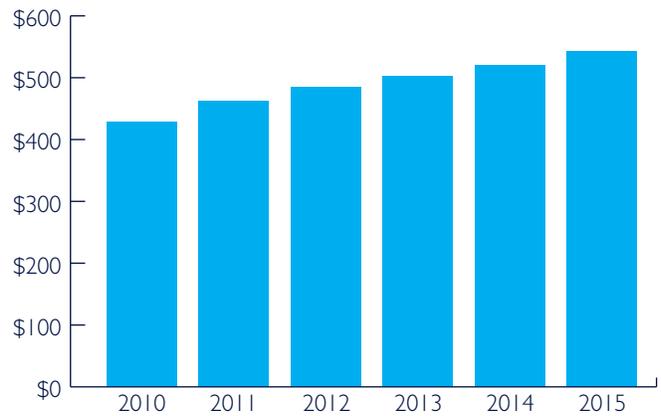
INVESTMENTS

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 3.2 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 OPERS was managed by 11 investment management firms. OPERS employs one

SCHEDULE OF BENEFIT PAYMENTS

(\$ millions)

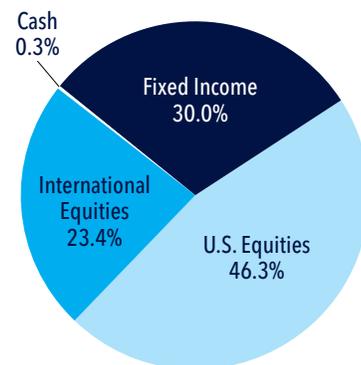


RATE OF RETURN

Year Ending June 30,	Total
2015	3.2%
2014	18.0
2013	12.0
2012	2.4
2011	21.2

ASSET MIX

June 30, 2015



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 2015, investments provided a 3.2 percent rate of return. The annualized rate of return for OPERS was 10.9 percent over the last three years and 11.1 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 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, 2015 amounted to \$9.0 billion and \$8.4 billion, respectively.

The OPERS funded status was 93.6 percent at July 1, 2015, compared to 88.6 percent at July 1, 2014. The funded status was 66.0 percent at June 30, 2010. Legislation enacted in 2011 significantly increased the funded ratio to 80.7 percent at June 30, 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 six fiscal years.

FUNDED RATIO

As of July 1,



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, 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. OPERS has received the award for the last eight 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 fifth consecutive award OPERS has received in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

The Farmers Market: A Not So Hidden Treasure

From savoring produce at the peak of freshness to meeting the people who grow your food, there are countless reasons to support farmers markets. Here are just a few!

Taste Real Flavors

The fruits and vegetables you buy at the farmers market are among the freshest and tastiest available. Fruits are allowed to ripen fully in the field and are brought directly to you. Long-distance shipping, gassing to simulate the ripening process, and sitting for weeks in storage are avoided. This food is as real as it gets; fresh from the farm.

Enjoy the Season

The food you buy at the farmers market is seasonal. It is fresh and delicious and reflects the truest flavors. Shopping and cooking from the farmers market helps you to reconnect with the cycles of nature in your region. As you look forward to asparagus in spring, savor sweet corn in summer, or bake pumpkins in autumn, you reconnect with the earth, the weather, and the turning of the year.

Support Family Farmers

Family farmers need your support. Small family farms have a hard time competing in the food marketplace. Buying directly from farmers gives them a better return for their produce and gives them a fighting chance in today's globalized economy. A regular trip to a farmers market is one of the best ways to connect with where your food comes from and how it is produced.

Nourish Yourself

Many grocery stores contain foods which are highly processed and grown using pesticides, hormones, antibiotics, and genetic modification. Some of it has been irradiated, waxed, or gassed in transit. These practices may have negative effects on human health. In contrast, most food found at the farmers market is minimally processed. Many farmers go to great lengths to grow the most nutritious produce possible by using sustainable techniques, picking produce right before the market, and growing heirloom varieties.

Engage Children and Grandchildren

Farmers markets are kid-friendly. Let your children or grandchildren pick out something new to try. Then, let them help prepare a meal or snack based on their selection. This both piques their interest and makes eating healthy foods more fun. The farmers market is also a great place to meet up with your friends and your community at large.

With the fresh air, sunlight, and great selections surrounding you, coming to the farmers market makes shopping a pleasure rather than a chore. To find a farmers market near you, check the resources below:

www.okgrown.com/markets
www.shapeyourfutureok.com
www.localharvest.org

Vacation Rental Scams

(Continued from page 1)

Rent Known Properties

If possible, rent a property that someone you know has previously rented. Ask family members, friends, and coworkers if they have recommendations for the area you plan to visit. If this is not an option, seek the feedback of vacation rental websites. Many provide the ratings and reviews of past renters. This information may prove invaluable.

Consider the Payment Method

A sure sign of a scam is a request for pre-payment via cash, wire transfer, or prepaid debit card. Scammers may use these methods to transfer funds and vanish with your money. It is almost impossible to recover your money once this has happened. A safer bet is to pay with a credit card via PayPal or some other reputable payment site. If there is a problem with your rental or if you are the victim of a vacation rental scam, you can dispute the charges with your credit card company. In most cases, the credit card company will remove the disputed charges from your bill until the matter is investigated.

With warmer weather right around the corner, more thoughts are turning to vacations. Whether planning to travel domestically, internationally, or even to take a quick weekend getaway, remember if it's too good to be true, it probably is. Safe travels!

Director's Corner

The Life in Your Years

(Continued from page 1)

funded status. Although the State is struggling through another economic downturn, it is our hope the contribution levels will remain constant to preserve this movement in the right direction.

Once again, OPERS received national recognition from the Public Pension Coordinating Council for meeting professional standards in both administration and funding. OPERS also received its 18th straight certificate of achievement for excellence in financial reporting from the Government Finance Officers Association. We are very proud of both of these national recognitions.

We are working hard for our members and this now includes managing OPERS' fourth retirement plan, Pathfinder. This defined contribution plan was created for the newest state employees hired on or after November 1, 2015. Pathfinder is now up and running and we hope to make it the best plan of its kind.

It has been a fun, challenging, exciting and gratifying year at OPERS. We have big plans to make 2016 and beyond even better for our members. Stay tuned. Remember, in the end, it's not the years in your life that count, it's the life in your years.

Contact OPERS

Mailing Address:

Oklahoma Public Employees Retirement System
Post Office Box 53007
Oklahoma City, Oklahoma 73152-3007

Local Phone:

(405) 858-6737

Outside Local Calling Area:

(800) 733-9008

Website:

www.opers.ok.gov

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