

URSJJ Edition Winter 2019

Five Ways to Protect Your Assets

You work hard tucking away money into savings with sights set on a comfortable retirement. Unfortunately, there are some who see your savings as a target for easy money. Taking these five steps can help you dodge common traps and safeguard your financial future.

Be Cautious with Family

The harsh truth is family commits nearly two-thirds of senior financial abuse. Some abuse is malicious while others are unintentional. Requesting money without a thought of the economic impact on a parent may be innocent but has real consequences. To protect yourself, create a financial plan early and share with several people including family members, friends, or financial advisors. Keeping communication open will help set necessary boundaries and develop a system of checks and balances.

Recognize Intimidation Scams

Scammers present themselves over the phone as Social Security, Medicare, IRS, sheriff's department or even the utility company. They provide scenarios designed to provoke panic or fear in hopes you readily give up personal or banking account information to resolve a fake crisis. Stay alert to these scams and do not get caught up emotionally and fall victim to their scheme. If you don't initiate the call, hang up instead of providing information. Look for a publicly listed phone number if you want to confirm an issue.

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Director's Corner

Joseph A. Fox, Executive Director

According to our latest actuarial valuation, the URSJJ is now 115% funded. The funded ratio represents the percentage of actuarial assets available to pay for accrued benefit payments to retirees. The Plan had \$338 million in assets as of July 1, 2018. The contribution rate is now above the current normal cost rate. If our contribution stream continues uninterrupted and the Plan meets all of its actuarial assumptions, the Plan should remain sustainable. That would be remarkable considering where the Plan was less than a decade ago.

These numbers are encouraging and represent the attention and dedication our Board of Trustees has for our members. This has also not gone unnoticed nationally as OPERS/URSJJ was recognized as one of the best funded among the 100 largest public pension systems by Pensions & Investments, an industry publication.

As I write this article for the newsletter, freezing rain, sleet, and snow are forecasted over the next few days and expected to cause some power disruptions, hazardous roads, and closings. Such weather events are not uncommon in Oklahoma, but the less prepared we are for these events, the more stressful they can become.

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RETIREMENT 101

Taxes and Your Retirement Benefit

The beginning of the year is the perfect time to review your retirement benefit, specifically your taxes. Your retirement benefit is considered income for tax purposes and a *Withholding Certificate* is available to change the amount of taxes withheld from your retirement benefit. Withholding tables provided by the Internal Revenue Service and the Oklahoma Tax Commission will determine the amount of taxes applied to your retirement benefit.

You can change your tax withholding at any time by submitting a new tax withholding form. The form can be found at www.opers.ok.gov/taxes and must be received before the 5th of the month for the change to be in effect for the deposit on the last working day of that month.

OPERS/URSJJ recently changed the tax withholding form to allow you to withhold differently for federal and Oklahoma taxes. You should seek advice from your tax accountant and submit a new *Withholding Certificate* if appropriate.

Ready to do your taxes? You will need your 1099-R form.

URSJJ will mail each retiree a Form 1099-R at the end of January of every year. This form will show: 1) the gross amount of your retirement benefit for the previous calendar year; 2) the amount of state and federal income tax withheld from your retirement benefit; and, 3) the federal taxable amount of your retirement benefit for the year. Complete your state and federal income tax return by using the information contained on your Form 1099-R.

Please allow for normal delivery time. You should allow 10-15 business days to receive your 1099-R, but if you have not received your form by February 15th, you may request a duplicate in writing or by calling the URSJJ. A replacement 1099-R will not be mailed to you unless your current mailing address matches our records. All requests must include your name, member ID, tax year requested, mailing address, the benefit type, daytime telephone number, and signature. Complete the *Change of Address* form, which can be downloaded from the OPERS website at www.opers.ok.gov/forms, to update your mailing address.

Visit www.opers.ok.gov/1099 to read more frequently asked questions.

2019 Retiree Health Insurance Rates (Employees Group Insurance Division)

Every October the Employees Group Insurance Division (EGID) mails option period booklets and forms, which indicates the coverage you are enrolled in and premium amounts for the next year. If you have retiree health insurance premiums through EGID deducted from your retirement benefit, be aware that rates may have changed for 2019. For more information on the 2019 rates, visit the EGID website at www.omes.ok.gov. If you have specific questions about your coverage, contact EGID at 1-800-752-9475.

UPDATING YOUR DIRECT DEPOSIT

Retired members receive their monthly payments via direct deposit on the last working day of each month. You may change your direct deposit information at any time by completing a *Direct Deposit Authorization* form, which can be found at www.opers.ok.gov/forms or by calling (405) 858-6737 or (800) 733-9008.

The completed *Direct Deposit Authorization* form is due by the 5th of the month for your payment to be direct deposited into your account for that month. We recommend not closing the old account until your monthly benefit has cleared the new account. Once a new direct deposit form is received, any returned checks will be reissued along with the current monthly benefit at the end of the month.

2019 DIRECT DEPOSIT DATES

February 28
March 29
April 30
May 31
June 28
July 31
August 30
September 30
October 31
November 29
December 31

PERSPECTIVE

Popular Annual Financial Report
for the Fiscal Year Ended June 30, 2018

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, 2018. This report contains summary financial information from the 2018 Comprehensive Annual Financial Report (CAFR) written in layman's terms. The theme of this year's CAFR is "Perspective."

Perspective isn't just an art term; it's also the way we view what we do in an effort to gain a broader understanding of our mission.

The health and stability of this retirement plan and helping Oklahoma's public employees achieve a secure and lasting retirement is what guides our actions. Each opportunity to serve our members is with the perspective of providing comprehensive, accountable and financially sound retirement services.

We hope you find this report informative.

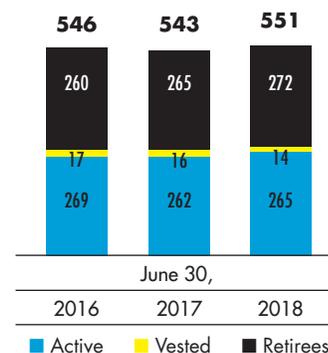
Sincerely,

Joseph A. Fox
Executive Director

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, 2018, the Plan's membership includes 265 active members, 14 inactive members, and 272 retirees and beneficiaries.

Demographics Chart



COMPREHENSIVE ANNUAL FINANCIAL REPORT ONLINE

The 2018 Popular Annual Financial Report of the Uniform Retirement System for Justices and Judges (URSJJ) contains summary financial information from the 2018 Comprehensive Annual Financial Report. The full report may be viewed, in its entirety online, at www.opers.ok.gov/publications.

NET POSITION

The net position restricted for pension and health insurance subsidy plan (HISP) totaled approximately \$338.0 million at June 30, 2018 compared to \$321.2 million at June 30, 2017, and \$293.7 million at June 30, 2016. The net position restricted for pension/HISP benefits is available for payment of monthly retirement benefits and other qualified distributions to the System's participants. The increase of \$16.8 million and increase of \$27.5 million of the respective years have resulted primarily from the changes in the fair value of the System's investments due to volatile equity markets.

CHANGES IN FIDUCIARY NET POSITION

For the year ended June 30, 2018, fiduciary net position increased \$16.8 million, or 5.2%. Total assets increased by \$12.9 million, or 3.6%, due to an increase of 4.9% in investments, an increase of 36.7% in cash and cash equivalents partially offset by a decrease of 11.7% in securities lending collateral. The System achieved a money-weighted rate of return of 8.4% compared to the prior year of 12.7% resulting in the majority of the increase in fiduciary net position. Total liabilities decreased 10.4% primarily due to an 11.7% decrease in securities lending collateral and a 9.6% decrease in pending purchases of securities.

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, 2018, total deductions increased \$0.8 million, or 4.4%, from the prior year. Retirement, death, and survivor benefits

increased \$0.8 million, or 4.6%, and the average benefit increased 1.2% compared to the prior year due to a 2.6% increase in the number of retirees. Refunds and withdrawals decreased 41.6% 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 0.6% when compared to the prior year due to an increase in the allocation rate of 2.0%.

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.

Condensed Schedules of Fiduciary Net Position

(\$ millions)	2018			2017			2016*
	Pension	HISP	Combined	Pension	HISP	Combined	
Assets:							
Cash and cash equivalents	\$ 8.1	\$ 0.1	\$ 8.2	\$ 5.9	\$ 0.1	\$ 6.0	\$ 3.9
Receivables	7.7	0.1	7.8	10.9	0.1	11.0	9.8
Investments	338.0	3.1	341.1	322.4	2.9	325.3	295.7
Securities lending collateral	14.3	0.1	14.4	16.2	0.1	16.3	8.7
Total assets	368.1	3.4	371.5	355.4	3.2	358.6	318.1
Liabilities:							
Other liabilities	18.9	0.2	19.1	20.9	0.2	21.1	15.7
Securities lending collateral	14.3	0.1	14.4	16.2	0.1	16.3	8.7
Total liabilities	33.2	0.3	33.5	37.1	0.3	37.4	24.4
Ending fiduciary net position	\$ 334.9	\$ 3.1	\$ 338.0	\$ 318.3	\$ 2.9	\$ 321.2	\$ 293.7

*Prior year column for 2016 has not been restated for the effect of the adoption of GASB Statement No. 74

Condensed Schedules of Changes in Fiduciary Net Position

(\$ millions)	2018			2017			2016*
	Pension	HISP	Combined	Pension	HISP	Combined	
Member contributions	\$ 2.6	\$ —	\$ 2.6	\$ 2.7	\$ —	\$ 2.7	\$ 2.7
Participating court employers	6.5	0.2	6.7	6.0	0.2	6.2	5.8
Net investment income	26.2	0.2	26.4	36.3	0.3	36.6	1.4
Total additions	35.3	0.4	35.7	45.0	0.5	45.5	9.9
Retirement, death and survivor benefits	18.5	0.2	18.7	17.6	0.2	17.8	17.2
Refunds and withdrawals	—	—	—	0.1	—	0.1	0.2
Administrative expenses	0.2	—	0.2	0.2	—	0.2	0.1
Total deductions	18.7	0.2	18.9	17.9	0.2	18.1	17.5
Net increase (decrease) in fiduciary net position	16.6	0.2	16.8	27.1	0.3	27.4	(7.6)
Beginning of year	318.3	2.9	321.2	291.2	2.6	293.8	301.4
End of year	\$ 334.9	\$ 3.1	\$ 338.0	\$ 318.3	\$ 2.9	\$ 321.2	\$ 293.8

*Prior year column for 2016 has not been restated for the effect of the adoption of GASB Statement No. 74

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 2018 increase in the System's managed investments is reflective of the increase in domestic and international equity markets for the year. The System's overall return for the year ended June 30, 2018 was 8.3%. The *Rate of Return* table to the right reflects overall investment returns over the past six 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 and rebalancing; diversification of the asset base as the primary risk control element; and, controlling costs through passive investment management where most appropriate.

The Board engages outside investment managers to manage the various asset classes where URSJJ has exposure. At fiscal year end, the investment portfolio of URSJJ was actively managed by three fixed income managers and passively managed by another investment manager with holdings in one fixed income index fund, two domestic equity index funds and one international equity index fund. For fiscal year 2018, investments provided an 8.3 percent rate of return. The annualized rate of return for URSJJ was 7.1 percent over the last three years and 8.2 percent over the last five years. At June 30, 2018, the allocation of the investment portfolio is shown in the *Asset Mix* chart to the right.

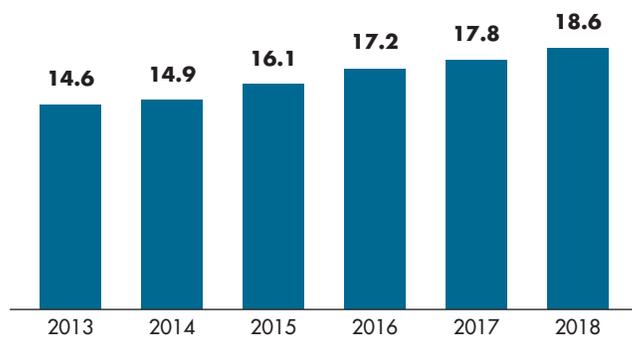
FUNDING

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 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, 2018 amounted to \$293.1 million and \$336.4 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 114.8 percent as of July 1, 2018. The funded ratio was 148.2 percent at June 30, 2002. 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.

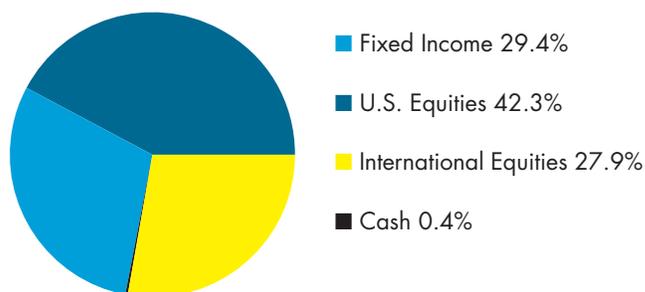
Schedule of Benefit Payments (\$ millions)



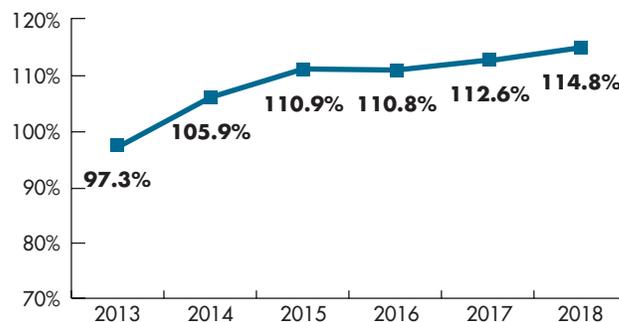
Rate of Return

Year Ended June 30,	Total
2018	8.3 %
2017	12.7 %
2016	0.6 %
2015	2.8 %
2014	17.7 %
2013	11.5 %

Asset Mix

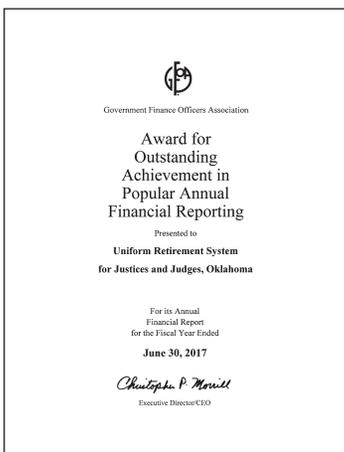


Funded Ratio



UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES

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, 2017.

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. This is the fifth year the URSJJ has received this award.

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

Healthful *hints*

Protect Your Ears

Hearing Loss Affects the Brain

Do you have difficulty following a conversation in a crowded room or feel others are mumbling? Do you have trouble understanding phone conversations or find yourself asking those around you to repeat themselves? If you answered yes, you might be one of approximately 36 million Americans experiencing hearing loss.

The Center for Hearing and Communication finds those with hearing loss wait an average of seven years before seeking help, which may lead to auditory deprivation or the brain “forgetting” how to hear and understand speech. If the brain doesn’t have the opportunity to hear, then everyday sounds will become unfamiliar. Once sound returns, with the assistance of hearing aids, the brain may not know how to interpret and process this information in the same way it did before.

Hearing loss often progresses subtly, becoming greater over time. This loss may severely impact your professional and personal life, even leading to isolation or depression. Experts encourage regular screenings as part of an annual physical, especially as you approach your retirement years. Speak with your doctor about your concerns and ask for a referral to see an audiologist or otolaryngologist. These professionals can test for hearing loss and create a treatment plan. Early detection of hearing loss will help keep the brain active and able to process the information it receives.

Did You Know?

- Your ears are self-cleaning. Avoid cotton swabs and ear candles, which can damage your eardrum. Instead, try over-the-counter eardrops or a few drops of water or hydrogen peroxide down your ear canal. Give a few minutes then turn on your side to drain.
- Studies show a strong correlation with eating a healthy diet and having a lower susceptibility to hearing loss.
- Heart disease, high blood pressure, and diabetes put ears at risk by interfering with the blood supply to the ears.
- The chemicals found in cigarettes have been shown to increase the risk of hearing loss.
- Over-the-counter pain relievers, such as aspirin or ibuprofen, can lead to either temporary or permanent hearing loss. While occasional use is harmless, taking these medications frequently may cause permanent damage to your ears.

REMINDER: Update Your Beneficiary

It is important to review beneficiary forms often and make changes as necessary. Beneficiary forms may be updated at any time. OPERS will honor the most recent beneficiary form on file. Visit our website at www.opers.ok.gov/forms.

Five Ways to Protect Your Assets

(Continued from page 1)

Apply Password Safety

Maintaining good password practices protects your bank, retirement and other financial accounts. Use strong passwords that are long, contain random capitalization and symbols, and are changed frequently. Never use the same or a similar password for more than one account. If keeping up with all those passwords is too complicated, look into using a password manager to create and store unique passwords.

Don't Overshare

In this age of social media, we share too much personal information publicly, making it easier for identity thieves and swindlers to develop a rapport with their victims. Make use of privacy settings and lock down your accounts as much as possible. Obituaries are another source used to gather information. When writing a memorial for a deceased loved one, omit birthdates, addresses, middle names and names of children or grandchildren. A skilled fraudster can easily use these details to steal an identity of the living or deceased or build a convincing scam to prey on the survivors.

Avoid Investment Schemes

Whether it's framed as an opportunity for early retirement or an incredible investment, any offer requiring large amounts of money should be met with skepticism. Ask for references and credentials, then thoroughly research before trusting someone with your money. Also, do not grant your financial advisor the right to send money to a third party. It may be inconvenient to have money come to you to submit to a third party, but it protects you from a scam artist who skims a little at a time.



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Director's Corner

(Continued from page 1)

Such is the nature of a public retirement system. There are bumps in the road along the way in the form of uncertain economic times and volatile capital markets. I'm happy to report your retirement system is prepared for these events and focused on long-term success to protect the assets held in trust for the people we serve. The judicial retirement plan continues to be well-funded and on course.

Included in this newsletter is information on the national awards OPERS/ URSJJ has received for financial reporting, administration, and funding. These national recognitions would not be possible without our dedicated staff that works hard so that you may have confidence in your retirement.

The judicial retirement plan is strong today, and we are committed to keeping it that way.

Contact URSJJ

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Article Idea? Comments?

We want to hear from you!

newsletter@opers.ok.gov

This publication, printed by the University of Oklahoma Printing Services, is issued by the Uniform Retirement System for Justices and Judges (URSJJ) as authorized by its Executive Director. Six hundred fifty (650) copies have been prepared and distributed at a cost of \$87.10. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

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