

## Retirement and Your Credit

Credit scores are one of many numbers that define your financial health and indicate how likely you are to repay your debts. Your score determines whether you qualify for a loan, the rate you pay, and what kind of financial options you have.

In general, people tend to have higher scores as they approach retirement than earlier in their careers. However, according to a FICO study only 16 percent of baby boomers say maintaining good credit is a top financial priority for retirement. Retirement-related factors like age, work status, and income don't directly affect our credit. Still a reduction in credit mindfulness can lead to behaviors that negatively impact credit scores and could limit your options later.

### Why is Credit Important in Retirement

Having sound credit can facilitate your next steps in retirement, whether it is securing the financing for a new home or starting a new business. Your good credit can help you gain approval for a preferred rental property, assisted living center or nursing home, if necessary.

Aging in your home may eventually require renovations or repairs, but tapping into home equity is easier and comes at a lower interest rate with a good credit score. Setting up utilities, carrying insurance or applying for a job may require a credit check to determine deposit amounts, insurance rates or indicate your past responsibility.

### How to Achieve or Preserve a High Credit Score

To achieve a good credit score, you must use credit wisely. Keep in mind the following tips to appropriately manage your credit.

- Pay bills on time. Your payment history is 35 percent of your credit score.
- Keep balances low. The amount of available credit borrowed determines 30 percent of your score.

(Continued on page 7)

### Director's Corner A New Decade

As we are about to embark upon a new decade, I am happy to report the financial state of your retirement system is the best it's ever been and OPERS benefits continue to be an economic engine in our state.

Over the last 10 years, OPERS funded ratio has improved from 66 percent to 99 percent, the largest single increase in the country. The funded ratio represents the proportion of money we invest (assets) to the benefits we pay (liabilities) as of July 1, 2019. Our unfunded liabilities have decreased from \$3.27 billion down to \$138 million. During this same time period, the plan has outperformed the majority of our peers across the country in the investment arena at a fraction of the cost.

While we are very pleased with our current financial condition, these impressive numbers come at a cost to our members. The legislature has not granted a cost of living

(Continued on page 8)

### See Inside:



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# RETIREMENT 101

## Tax and Insurance Reminders

A new year means it's time to evaluate the last and make plans for the one ahead. For retirees, this annual review should include an assessment of your retirement income and tax needs. Your pension is considered taxable income, and a *Withholding Preference Certificate* is available to adjust the amount of taxes withheld from your monthly benefit.

The tax withholding form was updated in 2019 to allow you to withhold differently for federal and Oklahoma taxes. If you made any changes during the previous year, or if your tax situation is changing, you should review your withholdings for 2020. You should seek advice from your tax accountant and submit a new *Withholding Preference Certificate* if appropriate. The form can be found at [www.opers.ok.gov/forms](http://www.opers.ok.gov/forms) 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.

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

Each retiree will receive a Form 1099-R at the end of January of every year. This form will show the gross amount of your retirement benefit for the previous calendar year, the amount of state and federal income tax withheld from your retirement benefit and 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 standard delivery time. You should allow 10-15 business days to receive your 1099-R, but if you have not received your form by February 14th, you may request a duplicate in writing or by calling our office. 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 at [www.opers.ok.gov/forms](http://www.opers.ok.gov/forms), to update your mailing address.

Visit [www.opers.ok.gov/1099](http://www.opers.ok.gov/1099) to read more frequently asked questions.

### 2020 Retiree Health Insurance Rates (Employees Group Insurance Division)

Every October, the Employees Group Insurance Division (EGID) mails option period booklets and forms, along with the 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 2020 which could change your monthly deposit amount. For more information on the 2020 rates, visit the EGID website at [www.omes.ok.gov](http://www.omes.ok.gov). If you have specific questions about your insurance coverage, contact EGID at 1-800-752-9475.

**OPERS OKLAHOMA** Withholding Preference Certificate  
Federal and Oklahoma State Income Tax 515-151-19 21

Federal and state law requires the Oklahoma Public Employees Retirement System (OPERS) to withhold income tax from your benefit payment. If you do not file a withholding preference, OPERS is required by law to assume you are married and claiming three allowances for both federal and state withholding. OPERS will automatically withhold federal and state income tax if your benefit is large enough to require withholdings. You have the right to change your withholding at any time by completing and submitting a new withholding form. For more complete instructions regarding your withholding options, consult the instructions and worksheets provided with this form or the IRS Form W-4P which is available at [www.irs.gov](http://www.irs.gov). Please type or print in ink the information on this form, separate from the instructions, and submit the form to OPERS. Forms received after the 5th day of the month will be processed in the following month.

**MEMBER INFORMATION**

Name (Print, Middle, Last) \_\_\_\_\_ Social Security Number \_\_\_\_\_

Mailing address (Street or Rural Route, City, State, Zip+4) \_\_\_\_\_

Phone number \_\_\_\_\_ Email address \_\_\_\_\_

**FEDERAL WITHHOLDING**  
Choose from one of the following options for your federal withholding.

**No Federal Taxes**  
☐ Check here if you do not want any federal income tax withheld from your pension.

**OR**

**Federal Withholding**  
Complete this section if you want to withhold based on the Oklahoma tax withholding tables.  
Marital status (select one): ☐ Single ☐ Married ☐ Married, but withheld at higher Single rate.  
Enter number of allowances: \_\_\_\_\_  
OPERS will assume one allowance if the above line is left blank.  
Additional amount, if any, you want withheld from each monthly payment: \$ \_\_\_\_\_

**OKLAHOMA STATE WITHHOLDING**  
Choose from one of the following options for your state withholding.

**No State Taxes**  
☐ Check here if you do not want any Oklahoma income tax withheld from your pension.

**OR**

**Oklahoma State Withholding**  
Complete this section if you want to withhold based on the Oklahoma tax withholding tables.  
Marital status (select one): ☐ Single ☐ Married ☐ Married, but withheld at higher Single rate.  
Enter number of allowances: \_\_\_\_\_  
OPERS will assume one allowance if the above line is left blank.  
Additional amount, if any, you want withheld from each monthly payment: \$ \_\_\_\_\_

**SIGNATURE**  
I have reviewed the information on this form including the instructions and worksheets and hereby submit this statement of preference regarding how my benefit is to be treated for purposes of federal and state income tax withholdings. I understand this election revokes any previous withholding preferences I have made with OPERS.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Oklahoma Public Employees Retirement System  
P.O. Box 53007 • Oklahoma City, Oklahoma 73153-3007  
Tel: 405-458-4337 • Toll-free: 1-800-752-9475 • [www.opers.ok.gov](http://www.opers.ok.gov) Rev. 02/2019

**OPERS** Oklahoma Public Employees Retirement System 515-150-10 65  
P.O. Box 53007 • Oklahoma City, OK 73153-3007 • (800) 752-9475 • (405) 548-5946 Fax  
[www.opers.ok.gov](http://www.opers.ok.gov)

Please type or print in blue or black ink. **Change of Address**

**Check one:**  
☐ Retired - currently drawing a retirement benefit.  
☐ Vested - not currently working but eligible to draw a benefit in the future.  
☐ Withdrawing - not currently working and in the process of withdrawing your contributions.  
☐ Active - please provide your Agency name: \_\_\_\_\_

**Part 1: Provide your name and Social Security number below.**

Name (Print, middle, last) \_\_\_\_\_ Social Security Number \_\_\_\_\_

**Part 2: Provide your complete new address and telephone numbers below.**  
Please provide city, state and zip code even if you are moving within the same town or city.

Mailing address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip+4 \_\_\_\_\_  
Daytime telephone \_\_\_\_\_ Work telephone \_\_\_\_\_

**Part 3: Provide the information requested.**

1. The changes made above will change my permanent records in the following Plans:  
☐ Oklahoma Public Employees Retirement System Defined Benefit Plan  
☐ Saver/Save Plans - 457/401(a) \_\_\_\_\_

2. The changes made above will become effective: \_\_\_\_\_

**Part 4: Read the following, sign and date in the space provided.**  
I understand that I must properly complete and submit this form before any changes to my permanent retirement records can be made.

Signature \_\_\_\_\_ Date \_\_\_\_\_

**RESOURCES**  
[www.opers.ok.gov/taxes](http://www.opers.ok.gov/taxes)  
[www.omes.ok.gov](http://www.omes.ok.gov)  
[www.irs.gov](http://www.irs.gov)  
[www.ok.gov/tax](http://www.ok.gov/tax)  
[www.ssa.gov](http://www.ssa.gov)



# SEASONS

POPULAR ANNUAL FINANCIAL REPORT FOR THE  
FISCAL YEAR ENDED JUNE 30, 2019

## OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

### 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, 2019. This report contains summary financial information from the 2019 Comprehensive Annual Financial Report (CAFR) written in layman's terms. The theme of this year's CAFR is "Seasons."

This year's theme illustrates how changes in our life impact our final years in retirement and how your retirement system is an integral part of the investment years of our members. Like the seasons of the year, people and organizations transform to improve and to be ready for the next phase. Changing seasons illustrate the undeniable transition from one stage of life to another. It is a call to alter our perspectives.

This report is our call to reflect on the past seasons and shows we are working toward a financially secure retirement system that will allow our members to feel confident in each season of their lives.

We hope you find this report informative.

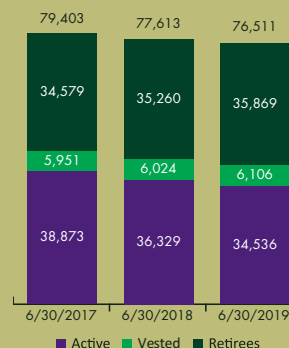
Sincerely,

Joseph A. Fox  
Executive Director

### ABOUT OPERS

OPERS was established in 1964 by the Oklahoma Legislature. As of June 30, 2019, the Plan consisted of 285 participating employers comprised of state, county, and local agencies. The membership includes 34,536 active members, 6,106 inactive members, and 35,869 retirees and beneficiaries. Active membership has steadily decreased since the creation the mandatory Pathfinder Defined Contribution plan for new state employees after November 1, 2015.

Demographic Chart



### COMPREHENSIVE ANNUAL FINANCIAL REPORT ONLINE

The 2019 Popular Annual Financial Report of the Oklahoma Public Employees Retirement System (OPERS) contains summary financial information from the 2019 Comprehensive Annual Financial Report. The full report may be viewed, in its entirety online, at [www.opers.ok.gov/publications](http://www.opers.ok.gov/publications).





## NET POSITION

The net position restricted for pension and health insurance subsidy plan (HISP) totaled approximately \$10 billion at June 30, 2019, compared to \$9.7 billion at June 30, 2018, improving by approximately \$0.3 billion due to investment income and flows of funds, and \$9.2 billion at June 30, 2017. The net position is available for payment of monthly retirement benefits and other qualified distributions to the System's participants. Equity markets performed well during fiscal year 2019, resulting in an increase in net investment income which lead to an increase in net position restricted for pension/HISP benefits from June 30, 2017 to June 30, 2018 and from June 30, 2018 to June 30, 2019.

## 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, 2019, fiduciary net position increased by \$251.0 million, or 2.6 percent, from June 30, 2018. Total assets increased \$112.5 million, or

1.1 percent, due to a 1.0 percent increase in investments change in fair value and 0.8 percent increase in securities lending collateral. The System achieved a money-weighted rate of return of 6 percent compared to the prior year of 8.4 percent resulting in the majority of the increase in fiduciary net position. Total liabilities decreased \$138.4 million, or 14.2 percent, due to a 28.3 percent decrease in pending purchases of securities.

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, 2019, total deductions increased \$28.4 million, or 4.5 percent, from the prior year. Retirement, death, and survivor benefits increased \$28.5 million, or 4.7 percent, due to a 1.7 percent increase in the number of retirees at year end and a 1.5 percent increase in the average benefit. Refunds and withdrawals decreased \$0.6 million or 3.7 percent from prior year and a 7.8 percent increase in administrative costs was primarily due to new IT consulting and IT services.

### Condensed Schedules of Fiduciary Net Position

(\$ millions)	2019			2018			2017		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
<b>Assets:</b>									
Cash and cash equivalents	\$ 127.3	\$ 6.9	\$ 134.2	\$ 216.4	\$ 6.6	\$ 223.0	\$ 113.3	\$ 5.9	\$ 119.2
Receivables	322.1	11.9	334.0	223.6	8.1	231.7	340.9	11.8	352.7
Investments	9,489.1	354.0	9,843.1	9,403.9	344.1	9,748.0	9,042.9	318.3	9,361.2
Securities lending collateral	462.9	17.3	480.2	459.7	16.8	476.5	618.2	21.8	640.0
Other assets	1.0	—	1.0	0.8	—	0.8	0.7	—	0.7
<b>Total assets</b>	<b>10,402.4</b>	<b>390.1</b>	<b>10,792.5</b>	<b>10,304.4</b>	<b>375.6</b>	<b>10,680.0</b>	<b>10,116.0</b>	<b>357.8</b>	<b>10,473.8</b>
<b>Liabilities:</b>									
Other liabilities	346.4	12.9	359.3	483.7	17.7	501.4	583.8	20.5	604.3
Securities lending collateral	462.9	17.3	480.2	459.7	16.8	476.5	618.2	21.8	640.0
<b>Total liabilities</b>	<b>809.3</b>	<b>30.2</b>	<b>839.5</b>	<b>943.4</b>	<b>34.5</b>	<b>977.9</b>	<b>1,202.0</b>	<b>42.3</b>	<b>1,244.3</b>
<b>Ending fiduciary net position</b>	<b>\$ 9,593.1</b>	<b>\$ 359.9</b>	<b>\$ 9,953.0</b>	<b>\$ 9,361.0</b>	<b>\$ 341.1</b>	<b>\$ 9,702.1</b>	<b>\$ 8,914.0</b>	<b>\$ 315.5</b>	<b>\$ 9,229.5</b>

### Condensed Schedules of Changes in Fiduciary Net Position

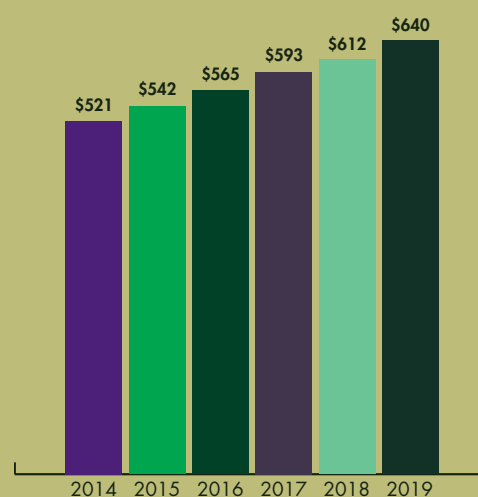
(\$ millions)	2019			2018			2017		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Member contributions	\$ 66.6	\$ —	\$ 66.6	\$ 66.9	\$ —	\$ 66.9	\$ 70.3	\$ —	\$ 70.3
State and local agency contributions	263.7	18.8	282.5	258.9	19.1	278.0	269.5	18.9	288.4
Net investment income	544.2	18.9	563.1	735.0	25.5	760.5	1,013.9	35.7	1,049.6
<b>Total additions</b>	<b>874.5</b>	<b>37.7</b>	<b>912.2</b>	<b>1,060.8</b>	<b>44.6</b>	<b>1,105.4</b>	<b>1,353.7</b>	<b>54.6</b>	<b>1,408.3</b>
Retirement, death and survivor benefits	621.4	18.6	640.0	592.7	18.8	611.5	573.9	19.0	592.9
Refunds and withdrawals	15.4	—	15.4	16.0	—	16.0	16.0	—	16.0
Administrative expenses	5.6	0.2	5.8	5.1	0.2	5.3	5.2	0.2	5.4
<b>Total deductions</b>	<b>642.4</b>	<b>18.8</b>	<b>661.2</b>	<b>613.8</b>	<b>19.0</b>	<b>632.8</b>	<b>595.1</b>	<b>19.2</b>	<b>614.3</b>
<b>Net increase in fiduciary net position</b>	<b>232.1</b>	<b>18.9</b>	<b>251.0</b>	<b>447.0</b>	<b>25.6</b>	<b>472.6</b>	<b>758.6</b>	<b>35.4</b>	<b>794.0</b>
Beginning of year	9,361.0	341.1	9,702.1	8,914.0	315.5	9,229.5	8,155.4	280.1	8,435.5
<b>End of year</b>	<b>\$ 9,593.1</b>	<b>\$ 360.0</b>	<b>\$ 9,953.1</b>	<b>\$ 9,361.0</b>	<b>\$ 341.1</b>	<b>\$ 9,702.1</b>	<b>\$ 8,914.0</b>	<b>\$ 315.5</b>	<b>\$ 9,229.5</b>

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

**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 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, 2019 was 6.1 percent. The *Rate of Return* table 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.

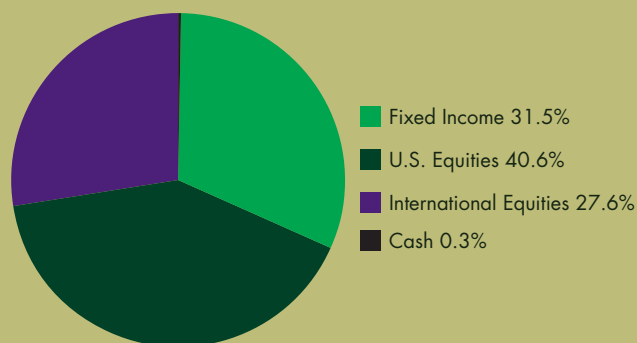
The Board engages outside investment managers to manage the various asset classes where OPERS has exposure. At fiscal year end, the investment portfolio of OPERS was actively managed by three fixed income managers, seven domestic equity managers and two international equity managers. OPERS' investment portfolio also consisted of passively managed index funds, including one fixed income index fund, one domestic equity index fund and two international equity index funds.

For fiscal year 2019 investments provided a 6.1 percent rate of return. The annualized rate of return for OPERS was 9.1 percent over the last three years and 6.1 percent over the last five years. The allocation of the investment portfolio, as of June 30, 2019, is shown in the *Asset Mix* chart.

**Rate of Return**

Year Ended June 30,	Total
2019	6.1 %
2018	8.4 %
2017	12.8 %
2016	0.3 %
2015	3.2 %
2014	18.0 %

**Asset Mix**



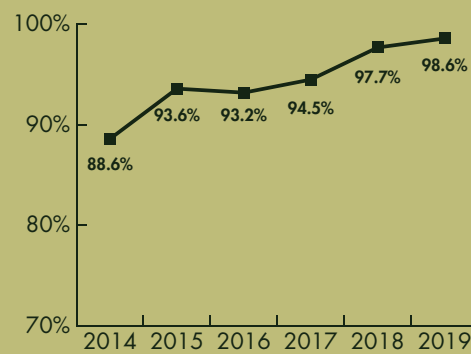
# OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

## 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, 2019 amounted to \$10.0 billion and \$9.9 billion, respectively.

The OPERS funded status increased to 98.6 percent at July 1, 2019. The funded status had declined from 73.0 percent at July 1, 2008 to 66.0 percent at July 1, 2010 before significantly increasing to 80.7 percent at July 1, 2011 due to the removal of the cost-of-living-adjustment (COLA) assumption, and further increased to 93.6 percent at July 1, 2015. The *Funded Ratio* chart shows the change in funded status over the past six fiscal years.

**Funded Ratio**

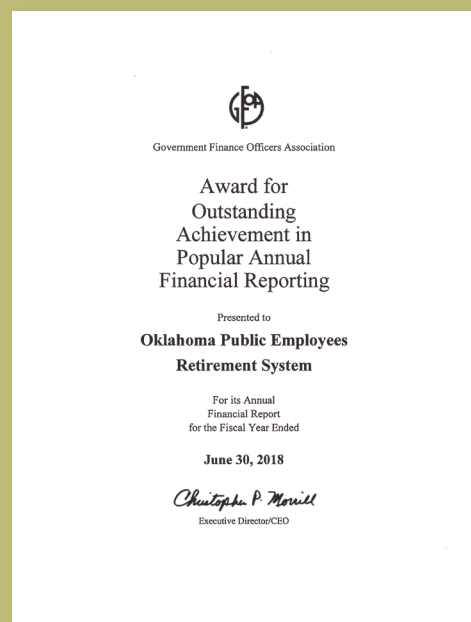


## OPERS AWARDED FOR EXCELLENCE IN FINANCIAL REPORTING

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, 2018. 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 twelve 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 ninth consecutive award OPERS has received in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.



## Planning a Trip? Stay Healthy While Abroad

Travel is one of the most frequently listed items on the to-do list of an aspiring retiree. Domestic or abroad, many retirees plan to spend their time traveling, especially in the early years of retirement.

You've booked your flight, planned the itinerary, packed your suitcases, but you may have forgotten one critical element. Travelers often overlook planning for their health needs. No one anticipates becoming ill or injured, but everyone traveling abroad should prepare for the possibility. As the saying goes, "hope for the best but plan for the worst."

One way to minimize the risk is to research before you depart on your adventure. Consider how you will be traveling, what you may need to wear, and the types of food you will encounter can help protect you from the uncertainties of foreign travel. According to the World Health Organization, there are several key risk factors to consider before your departure:

- Destination
- Duration and season of travel
- Standards of accommodation
- Food hygiene and sanitation
- Behavior of the traveler
- Overall health of the traveler

Despite taking precautions, illness or injury can occur and be scary. Take the following measures to help minimize the stress and inconvenience should you become ill or injured:

**Be prepared before you leave.** Check with your insurance carrier to see what benefits are covered while traveling abroad. Make sure to take your insurance card with you and provide your traveling partner with a copy.

**Pack the right items.** As much as you would like to save room for souvenirs, you should bring medical supplies such as ibuprofen, bandages, and of course, any prescription medicine. It is always good advice to carry your prescription medications with you and not in your checked baggage.

**Seek immediate attention.** If you become ill or injured with something more than a common cold or minor sunburn, don't hesitate to seek medical attention. Check with the on-board medical staff on a cruise ship or concierge at your hotel for suggestions of medical services. If the situation becomes an emergency, in addition to medical personnel, contact the nearest U.S. Embassy or Consulate for a list of healthcare providers.

Planning and careful precautions can help minimize and protect your health – "an ounce of prevention is worth a pound of cure."

### ADDITIONAL TIPS AND RESOURCES

- Rick Steves: [www.ricksteves.com/travel-tips/health/medical-care-in-europe](http://www.ricksteves.com/travel-tips/health/medical-care-in-europe)
- U.S. Department of State: [www.travel.state.gov/content/travel/en/international-travel.html](http://www.travel.state.gov/content/travel/en/international-travel.html)
- National Institute of Health: U.S. National Library of Medicine: [www.medlineplus.gov/travelershealth.html](http://www.medlineplus.gov/travelershealth.html)
- World Health Organization (WHO): [www.who.int/ith/precautions/travel\\_related/en/](http://www.who.int/ith/precautions/travel_related/en/)
- Centers for Disease Control and Prevention (CDC): [www.cdc.gov/travel/](http://www.cdc.gov/travel/)

## Retirement and Your Credit

(Continued from page 1)

- Keep credit accounts active by making manageable purchases that you can pay off in a billing cycle at least every three to six months.
- Keep older accounts open as the length of credit history accounts for 15 percent of your credit score.
- Utilize different types of credit.
- Be cautious about co-signing on loans.
- Monitor your credit regularly by viewing copies of your credit report from all three credit reporting companies at [www.annualcreditreport.com](http://www.annualcreditreport.com).

### Debt-Free Retirement and Your Credit

Eliminating debt before retirement is a great way to free up income and save on interest. Paying off a mortgage or other large debts has little effect on your credit score; however, over time these accounts will fall off your credit report, which then may reduce your score. Before closing an account, verify there is not an outstanding balance and keep in mind the points previously discussed.

When paying off debt, credit cards should usually be the priority because of their high-interest rates and revolving balances. Installment debts like mortgages and auto loans tend to be fixed payments that incorporate easily into a retirement plan. If you have enough income to make extra mortgage payments, consider instead maxing out retirement savings or building an emergency fund. The tax advantages, along with the potential of growth in a retirement account, could outweigh the savings on interest. While owning a house free and clear is a great feeling, not being prepared for an emergency could put you in more expensive debt and negatively affect your credit. Also, check if your mortgage has a prepayment penalty and review how much you rely on mortgage interest deductions to offset your federal income tax.



O K L A H O M A

P.O. Box 53007

Oklahoma City, OK 73152-3007

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PERMIT NO.  
2712

## A New Decade

*(Continued from page 1)*

adjustment (COLA) since 2008, and as with any increase in benefits, COLAs are expensive. A COLA can cost hundreds of millions of dollars and affect our financial condition going forward. Under current law, the legislature must pay for COLAs, but in actuality a COLA will most likely be funded by our retirement system. For the first time in 12 years, the legislature will consider a COLA this legislative session. Stay tuned.

OPERS benefits have a huge impact on the Oklahoma economy. OPERS paid \$640 million in benefits last year, and nearly \$3 billion over the last five years. Since more than 90 percent of our retirees live in Oklahoma, these funds ripple through our state and local economies, creating jobs, and generating tax revenues for your community. Our benefits find their way to every county in the state, from \$560,000 to Harmon County to \$146 million going into Oklahoma County last fiscal year. OPERS takes great pride in the role we play to expand Oklahoma's economy.

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### 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](http://www.opers.ok.gov/forms).

## Contact OPERS

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### Local Phone:

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### Outside Local Calling Area:

(800) 733-9008

### Website:

[www.opers.ok.gov](http://www.opers.ok.gov)

### Article Idea? Comments?

**We want to hear from you!**

[newsletter@opers.ok.gov](mailto:newsletter@opers.ok.gov)

*This publication, printed by the University of Oklahoma Printing Services, is issued by the Oklahoma Public Employees Retirement System (OPERS) as authorized by its Executive Director. Thirty-six thousand one hundred (36,100) copies have been prepared and distributed at a cost of \$5,162.30. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.*

*Mailed February 2020*