

2020

Uniform Retirement System for Justices and Judges **Popular Annual Financial Report** for the Fiscal Year Ended June 30, 2020

Dear Esteemed Member:

I am 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, 2020. This report is a reader-friendly summary of financial information provided in the 2020 Comprehensive Annual Financial Report (CAFR).

Your retirement system continued to meet our responsibilities during fiscal year 2020 with an absolute commitment to the highest quality service to our members and employers, which shows our dedication to accountability and transparency.

I would like to take this opportunity to express my gratitude to those who have worked diligently to ensure the system's successful operation.

I hope you find this report informative.

Sincerely,

Joseph A. Fox
Executive Director



Comprehensive Annual Financial Report Online

The 2020 Popular Annual Financial Report for the Uniform Retirement System for Justices and Judges (URSJJ) contains summary financial information from the 2020 Comprehensive Annual Financial Report. The full report may be viewed, in its entirety online, at www.opers.ok.gov/publications.

About URSJJ

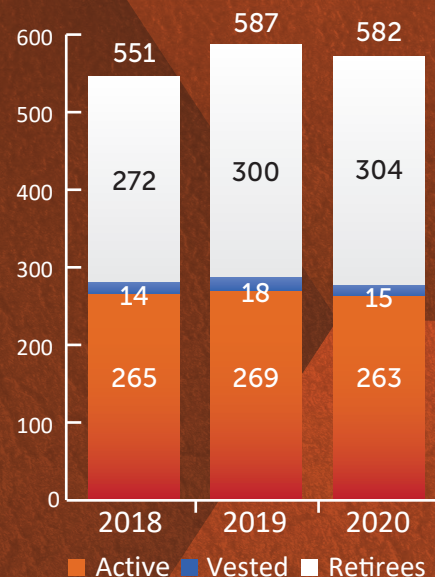
The URSJJ is a single-employer public employee retirement plan established in 1968 by the Oklahoma Legislature. The Plan covers Justices and Judges who sit on the Supreme Court of Oklahoma, the Oklahoma Court of Criminal Appeals, the Oklahoma Courts of Civil Appeals, the Oklahoma District Courts and the Oklahoma Workers' Compensation Court, as well as the Administrative Director of the Courts. As of June 30, 2020, the Plan's membership includes 263 active members, 15 inactive members, and 304 retirees and beneficiaries.

Net Position

The net position restricted for pension and health insurance subsidy plan (HISP) totaled \$350.9 million at June 30, 2020, compared to \$347.5 million at June 30, 2019 and \$338.0 at June 30, 2018. 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 \$3.4 million and increase of \$9.5 million of the respective years have resulted primarily from the changes in the fair value of the System's investments.

DEMOGRAPHICS

as of June 30



CONDENSED SCHEDULES OF FIDUCIARY NET POSITION

(\$ millions)

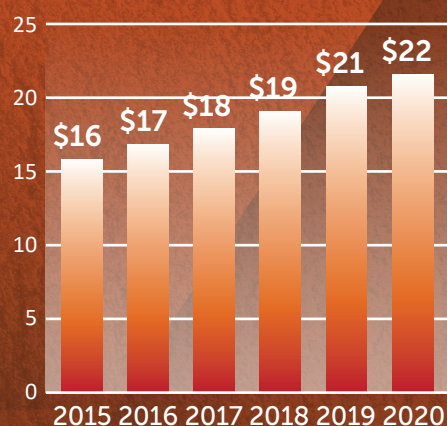
	2020			2019			2018		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Assets:									
Cash and cash equivalents	\$ 9.7	\$ 0.1	\$ 9.8	\$ 4.3	\$ -	\$ 4.3	\$ 8.1	\$ 0.1	\$ 8.2
Receivables	8.9	0.1	9.0	10.3	0.1	10.4	7.7	0.1	7.8
Investments	344.8	3.4	348.2	342.2	3.3	345.5	338.0	3.1	341.1
Securities lending collateral	17.5	0.2	17.7	12.4	0.1	12.5	14.3	0.1	14.4
Total assets	380.9	3.8	384.7	369.2	3.5	372.7	368.1	3.4	371.5
Liabilities:									
Other liabilities	15.9	0.2	16.1	12.6	0.1	12.7	18.9	0.2	19.1
Securities lending collateral	17.5	0.2	17.7	12.4	0.1	12.5	14.3	0.1	14.4
Total liabilities	33.4	0.4	33.8	25.0	0.2	25.2	33.2	0.3	33.5
Ending fiduciary net position	\$ 347.5	\$ 3.4	\$ 350.9	\$ 344.2	\$ 3.3	\$ 347.5	\$ 334.9	\$ 3.1	\$ 338.0

CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

(\$ millions)

	2020			2019			2018		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Member contributions	\$ 2.8	\$ -	\$ 2.8	\$ 2.7	\$ -	\$ 2.7	\$ 2.6	\$ -	\$ 2.6
State and local agency contributions	7.4	0.2	7.6	7.1	0.2	7.3	6.5	0.2	6.7
Net investment income	15.5	0.1	15.6	20.1	0.2	20.3	26.2	0.2	26.4
Total additions	25.7	0.3	26.0	29.9	0.4	30.3	35.3	0.4	35.7
Retirement, death and survivor benefits	22.0	0.2	22.2	20.4	0.2	20.6	18.5	0.2	18.7
Refunds and withdrawals	0.2	-	0.2	-	-	-	-	-	-
Administrative expenses	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2
Total deductions	22.4	0.2	22.6	20.6	0.2	20.8	18.7	0.2	18.9
Net increase in fiduciary net position	3.3	0.1	3.4	9.3	0.2	9.5	16.6	0.2	16.8
Beginning of year	344.2	3.3	347.5	334.9	3.1	338.0	318.3	2.9	321.2
End of year	\$ 347.5	\$ 3.4	\$ 350.9	\$ 344.2	\$ 3.3	\$ 347.5	\$ 334.9	\$ 3.1	\$ 338.0

SCHEDULE OF BENEFITS PAYMENTS (\$ millions)



RATE OF RETURN

Year Ended June 30,	Total
2020	4.6 %
2019	6.2
2018	8.4
2017	12.7
2016	0.6
2015	2.8

Changes in Fiduciary Net Position

For the year ended June 30, 2020, fiduciary net position increased \$3.4 million, or 1.0 percent. Total assets increased by \$12.0 million, or 3.2 percent, due to an increase of 0.8 percent in investments, an increase of 41.6 percent in securities lending collateral and partially offset by a decrease of 13.5 percent in receivables. The System achieved a rate of return of 4.6 percent compared to the prior year of 6.2 percent resulting in the majority of the increase in fiduciary net position. Total liabilities increased 34.1 percent primarily due to a 26.7 percent increase in pending purchases of securities and a 41.6 percent increase in securities lending collateral.

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, 2020, total deductions increased \$1.8 million, or 8.7 percent, from the prior year. Retirement, death, and survivor benefits increased \$1.7 million, or 8.0 percent, and the average benefit increased 4.6 percent compared to the prior year due to a 1.3 percent increase in the number of retirees. Refunds and withdrawals increased 180 percent 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 3.5 percent when compared to the prior year.

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** 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 2020 increase in the System's managed investments is due mainly in the increase in fixed income investments and securities lending collateral. The System's overall return for the year ended June 30, 2020 was 4.6 percent. The **Rate of Return** table reflects overall investment returns over the past six fiscal years

The Board has established an investment policy and guidelines that identify asset allocation as the key determinant of return and diversification, both by and within asset classes, as the primary risk control element. Passive fund portfolios are considered to be suitable investment strategies, especially in highly efficient markets.

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 2020, investments provided a 4.6 percent rate of return. The annualized rate of return for URSJJ was 6.4 percent over the last three years and 6.4 percent over the last five years. At June 30, 2020, the allocation of the investment portfolio is shown in the **Asset Mix** chart.

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, 2020 amounted to \$333.0 million and \$354.5 million, respectively.

The URSJJ funded status decreased to 106.4 percent at July 1, 2020. The URSJJ funded ratio was at a low point 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 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 shows the change in funded status over the past six fiscal years.

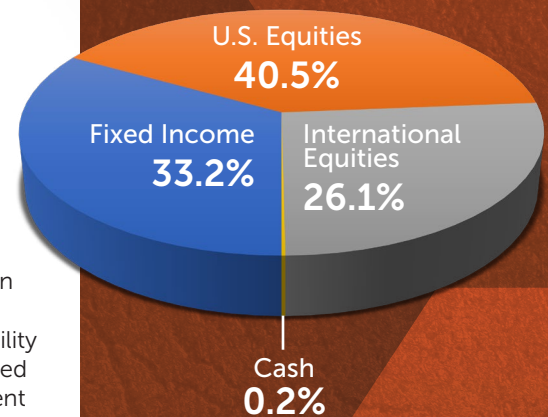
OPERS Awarded for Excellence in Financial Reporting

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 Uniform Retirement System for Justices and Judges for its Popular Annual Financial Report for the fiscal year ended June 30, 2019. 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.

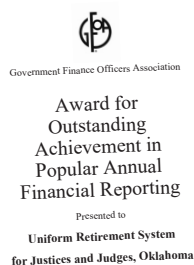
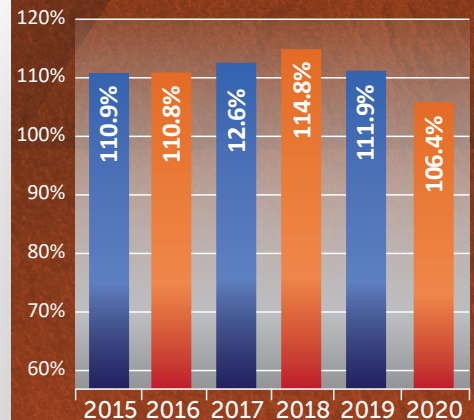
To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in 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 seventh 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.

2020 ASSET MIX



FUNDED RATIO as of July 1



For its Annual
Financial Report
for the Fiscal Year Ended
June 30, 2019

Christopher P. Merrill
Executive Director/CEO