

Retired Member Edition Winter 2021

## Website Receives New Design and Features

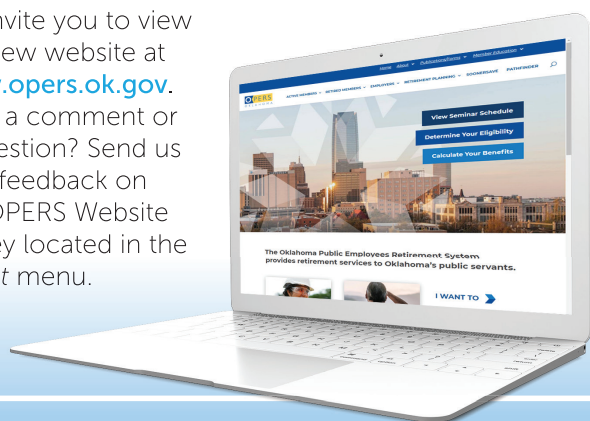
We are very excited to introduce our redesigned website. This is the site's first major redesign in more than a decade.

The new site features a fresh new look, reorganized navigation across the top and improved functionality. Our goal was a site that made it easier to get what you need quickly. You can find information based on how you participate with OPERS: as an active member, retired member, employer or prospective retiree. Throughout the website, special callout buttons and helpful "I want to" menus link to the most frequently viewed pages.

One section we focused on for improvement is *Retirement Planning*. Several pages in the section have been revamped for better flow and to make the information easier to find. Our goal is to continue building this area to provide a resource for retirement and financial planning in all stages of your career.

We also made it easier to locate Pre-Retirement Webinar dates by placing a link on the homepage and added the ability to register online for those webinars.

We invite you to view our new website at [www.opers.ok.gov](http://www.opers.ok.gov). Have a comment or suggestion? Send us your feedback on the OPERS Website Survey located in the *About* menu.



Oklahoma Public Employees Retirement System

### DIRECTOR'S CORNER

Joseph A. Fox, Executive Director

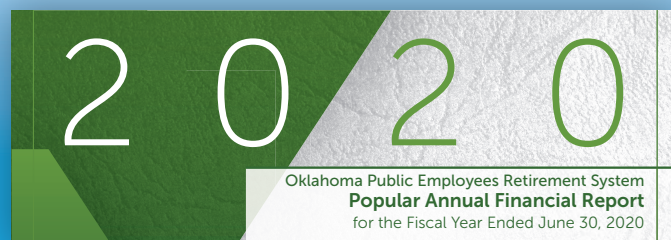
In keeping with tradition, this newsletter contains a summary of the retirement system's financial condition as we closed out fiscal year 2020. The retirement system remains strong. The funding ratio of the plan remains above 93%. Investment performance has continued to compare favorably to our peer group from a short-term and long-term perspective at a fraction of the cost. The investment philosophy has remained consistent, emphasizing solid returns at an extraordinary low cost, which is a credit to the long-term Board strategy. Our financial team continued its streak being nationally recognized for the 23<sup>rd</sup> consecutive year by receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. The System once again received the Public Pension Coordinating Council Public Pension Standards Award for Funding and Administration for 2020.

The long-term investment philosophy dates back over 30 years. In 1985, OPERS had approximately \$750 million in total assets. Today, there is more than \$11 billion in assets in the legacy defined benefit plan. Additionally, there is approximately \$1.5 billion in the other plans we administer, the justices' and judges' plan and the two defined contribution plans, SoonerSave and Pathfinder.

In 2020, we were very pleased to pay a cost of living adjustment (COLA) to our retirees. It was the first COLA authorized by the Legislature in 12 years and was reflected beginning with the July benefit. Our benefits also continue to be a significant driver of the state's economy. In fiscal year 2020, OPERS paid \$647 million in benefit payments with 90% of those benefits staying in Oklahoma directly supporting the economy in local communities throughout the state.

*continues on page 8*

### SEE INSIDE



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# Taxes and Your Retirement Benefit

## Your monthly benefit amount may change in 2021

Your OPERS retirement benefit is considered income for tax purposes. The tax rates applied to your benefit are based on withholding tables provided by the Internal Revenue Service and the Oklahoma Tax Commission. Changes to the tax withholding table may change the tax withholding on your deposit.

You should seek advice from your tax accountant and review your withholdings for 2021. Your withholdings can be changed at any time by submitting a new *Tax Withholding Preference Certificate*. This form can be found at [www.opers.ok.gov/taxes](http://www.opers.ok.gov/taxes) and must be received by OPERS before the

5th of the month for the change to be in effect for the deposit on the last working day of that month.

## 2021 Retiree Health Insurance Rates (Employees Group Insurance Division)

If you have retiree health insurance premiums through the Employees Group Insurance Division (EGID) deducted from your OPERS benefit, be aware that EGID has adopted a change in 2021 health insurance premium rates. For more information on the 2021 rate changes, visit the EGID website at <https://omes.ok.gov/services/employees-group-insurance-division>.

If you have questions about your insurance coverage or the 2021 rate changes, please contact EGID at 1-800-752-9475.

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

OPERS mails your Form 1099-R by the end of January of every year. This form shows: 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. You will use the information contained in your Form 1099-R to complete your state and federal income tax return.

You should allow a normal delivery time frame of 10-15 business days to receive your 1099-R. If you have not received your form by February 16th you may request a duplicate in writing or by calling OPERS. Your current mailing address must match our records before a 1099-R will be mailed to you. All requests must include your name, OPERS member ID, tax year requested, mailing address, the benefit type, daytime telephone number, and signature.

Frequently asked questions about the 1099-R can be found on the OPERS website at [www.opers.ok.gov/taxes](http://www.opers.ok.gov/taxes).

## 2021 Direct Deposit Dates

February 26  
March 31  
April 30

May 31  
June 30  
July 30

August 31  
September 30  
October 29

November 30  
December 31



# 2020

## Oklahoma Public Employees Retirement System **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 Oklahoma Public Employees Retirement System (OPERS) 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).

OPERS 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



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### Comprehensive Annual Financial Report Online

The 2020 Popular Annual Financial Report for the Oklahoma Public Employees Retirement System (OPERS) 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](http://www.opers.ok.gov/publications).



## About OPERS

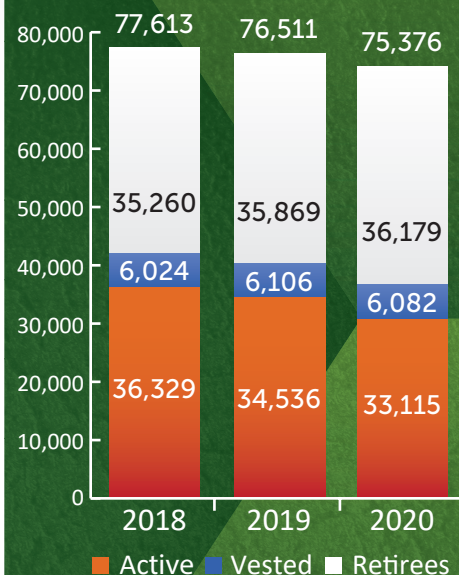
The Oklahoma Legislature established OPERS in 1964. As of June 30, 2020, the Plan consisted of 284 participating employers comprised of state, county, and local agencies. The membership includes 33,115 active members, 6,082 inactive members, and 36,179 retirees and beneficiaries. Active membership has steadily decreased since the creation the mandatory Pathfinder Defined Contribution plan for new state employees after November 1, 2015.

## Net Position

The net position restricted for pension and health insurance subsidy plan (HISP) totaled slightly over \$10 billion at June 30, 2020, comparable to the position at June 30, 2019, improving by approximately \$0.1 billion due to investment income and flows of funds, and \$9.7 billion at June 30, 2018. The net position is available for payment of monthly retirement benefits and other qualified distributions to the System's participants. Fixed income performed well during fiscal year 2020, resulting in an increase in net investment income which lead to an increase in net position restricted for pension/HISP benefits from June 30, 2018 to June 30, 2019 and from June 30, 2019 to June 30, 2020.

## DEMOGRAPHICS

as of June 30



## CONDENSED SCHEDULES OF FIDUCIARY NET POSITION

(\$ millions)

	2020			2019			2018		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
<b>Assets:</b>									
Cash and cash equivalents	\$ 299.2	\$ 9.4	\$ 308.6	\$ 127.3	\$ 6.9	\$ 134.2	\$ 216.4	\$ 6.6	\$ 223.0
Receivables	258.8	9.9	268.7	322.1	11.9	334.0	223.6	8.1	231.7
Investments	9,632.5	374.1	10,006.6	9,489.1	354.0	9,843.1	9,403.9	344.1	9,748.0
Securities lending collateral	411.2	16.0	427.2	462.9	17.3	480.2	459.7	16.8	476.5
Other assets	1.0	0.1	1.1	1.0	-	1.0	0.8	-	0.8
<b>Total assets</b>	<b>10,602.7</b>	<b>409.5</b>	<b>11,012.2</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>Liabilities:</b>									
Other liabilities	469.0	18.2	487.2	346.4	12.9	359.3	483.7	17.7	501.4
Securities lending collateral	411.2	16.0	427.2	462.9	17.3	480.2	459.7	16.8	476.5
<b>Total liabilities</b>	<b>880.2</b>	<b>34.2</b>	<b>914.4</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>Ending fiduciary net position</b>	<b>\$ 9,722.5</b>	<b>\$ 375.3</b>	<b>\$ 10,097.8</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>

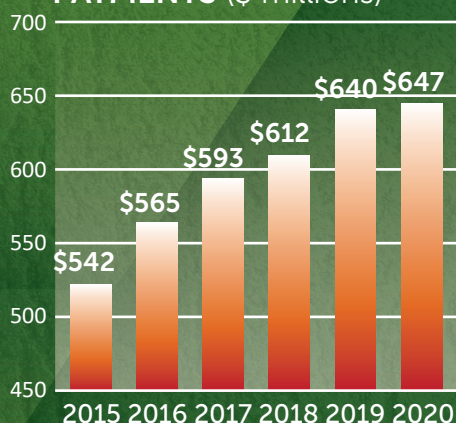
## CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

(\$ millions)

	2020			2019			2018		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Member contributions	\$ 67.8	\$ -	\$ 67.8	\$ 66.6	\$ -	\$ 66.6	\$ 66.9	\$ -	\$ 66.9
State and local agency contributions	274.9	19.2	294.1	263.7	18.8	282.5	258.9	19.1	278.0
Net investment income	435.3	14.5	449.8	544.2	18.8	563.0	735.0	25.5	760.5
<b>Total additions</b>	<b>778.0</b>	<b>33.7</b>	<b>811.7</b>	<b>874.5</b>	<b>37.6</b>	<b>912.1</b>	<b>1,060.8</b>	<b>44.6</b>	<b>1,105.4</b>
Retirement, death and survivor benefits	628.7	18.1	646.8	621.4	18.6	640.0	592.7	18.8	611.5
Refunds and withdrawals	14.4	-	14.4	15.4	-	15.4	16.0	-	16.0
Administrative expenses	5.5	0.2	5.7	5.6	0.2	5.8	5.1	0.2	5.3
<b>Total deductions</b>	<b>648.6</b>	<b>18.3</b>	<b>666.9</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>Net increase in fiduciary net position</b>	<b>129.4</b>	<b>15.4</b>	<b>144.8</b>	<b>232.1</b>	<b>18.8</b>	<b>250.9</b>	<b>447.0</b>	<b>25.6</b>	<b>472.6</b>
<b>Beginning of year</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>
<b>End of year</b>	<b>\$ 9,722.5</b>	<b>\$ 375.3</b>	<b>\$ 10,097.8</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>



## SCHEDULE OF BENEFITS PAYMENTS (\$ millions)



## RATE OF RETURN

Year Ended June 30,	Total
2020	4.5 %
2019	6.1
2018	8.4
2017	12.8
2016	0.3
2015	3.2

## 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, 2020, fiduciary net position increased by \$144.8 million, or 1.5 percent, from June 30, 2019. Total assets increased \$219.7 million, or 2.0 percent, due to a 1.7 percent increase in investments change in fair value and 10.0 percent increase in other assets. The System achieved a rate of return of 4.5 percent, which is less than the prior year of 6.0 percent. Total liabilities increased \$74.9 million, or 8.9 percent, due to a 35.6 percent increase 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, 2020, total deductions increased \$5.9 million, or 0.9 percent, from the prior year. Retirement, death, and survivor benefits increased \$6.8 million, or 1.1 percent, due to a 0.9 percent increase in the number of retirees at year-end and a 4.6 percent increase in the average benefit. Refunds and withdrawals decreased \$1.0 million or 6.0 percent from prior year followed by a 0.5 percent decrease in administrative costs.

## 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.

## 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 fixed income markets for the year. The System's overall return for the year ended June 30, 2020 was 4.5 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 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 2020 investments provided a 4.5 percent rate of return. The annualized rate of return for OPERS was 6.3 percent over the last three years and 6.3 percent over the last five years. The allocation of the investment portfolio, as of June 30, 2020, 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 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, 2020 amounted to \$10.9 billion and \$10.2 billion, respectively.

The OPERS funded status decreased to 93.3 percent at July 1, 2020. The funded status was at 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 98.6 percent at July 1, 2019.

The **Funded Ratio** chart shows the change in funded status over the past six fiscal years.

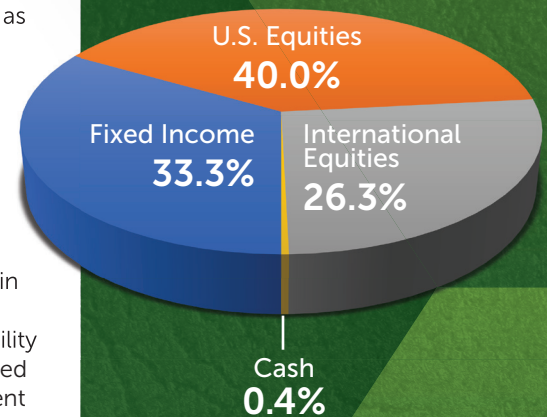
## OPERS Awarded for Excellence in Financial Reporting

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 Oklahoma Public Employees Retirement System 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. OPERS has received the award for the last 13 consecutive years. We believe our current report continues to conform to the award requirements, and we are submitting it to GFOA.

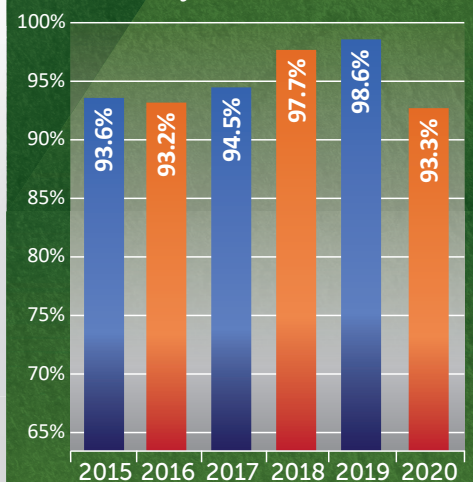
In addition, OPERS was awarded the Public Pension Standards Award for Funding and Administration by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems, and the National Council on Teacher Retirement. This is the 10th consecutive award OPERS has received in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

### 2020 ASSET MIX



### FUNDED RATIO

as of July 1



Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to  
**Oklahoma Public Employees  
Retirement System**

For its Annual  
Financial Report  
for the Fiscal Year Ended

June 30, 2019

*Christopher P. Maxwell*  
Executive Director/CEO



# Mental Wellness: *Finding your Balance*

Whether it's health, money, deadlines, relationships, traffic, planning for retirement – you name it – we all have plenty to worry and stress about. For some of us, the anxiety and stress we experience can become excessive and occur daily.

A recent Kaiser Family Foundation (KFF) report showed “a growing number of adults are struggling with mental health issues related to worry and stress” especially associated with the novel coronavirus. The increase went from 32 percent in March of 2020 to 53 percent in July, according to the KFF report.

In our rush of life, we may be unaware our stress and anxiety levels spike, which can lead to a compromised immune system. But there is hope by utilizing strategies that promote a balanced, happy and more productive life without stress and anxiety.

Try these coping strategies from the *Anxiety and Depression Association of America* when you're feeling anxious or stressed:

And remember: there is always hope. Research shows that hope can aid in recovery from anxiety disorders. According to Dr. Chan Hellman, a professor at the Anne and Henry Zarrow School of Social Work at the University of Oklahoma/Tulsa, hope is not a wish. Hope is about taking action to pursue your goals. At the heart of change is the ability to understand the way things are right now in your life, and to begin to imagine the way life could be.

Picture a better future, and use hope to identify goals, set the pathways to achieve these goals and exert the willpower to make these goals possible. Take comfort and know that your hope can be improved through connecting with a friend, personal coach or therapist.

- Take a time-out. Practice yoga, listen to music, meditate, get a massage, or learn relaxation techniques. Stepping back from the problem helps clear your head.
- Eat well-balanced meals. Do not skip any meals. Do keep healthful, energy-boosting snacks on hand.
- Limit alcohol and caffeine, which can aggravate anxiety and trigger panic attacks.
- Get enough sleep. When stressed, your body needs additional sleep and rest.
- Exercise daily to help you feel good and maintain your health.
- Count to 10 slowly. Repeat, and count to 20 if necessary.
- Accept that you cannot control everything. Put your stress in perspective: Is it really as bad as you think?
- Welcome humor. A good laugh goes a long way.
- Maintain a positive attitude. Make an effort to replace negative thoughts with positive ones.
- Get involved. Volunteer or find another way to be active in your community. Creating a support network gives you a break from everyday stress.
- Learn what triggers your anxiety. Is it work, family, school, or something else you can identify? Write in a journal when you're feeling stressed or anxious, and look for a pattern.
- Talk to someone. Tell friends and family you're feeling overwhelmed and let them know how they can help you. Talk to a physician or therapist for professional help if needed.

### Would you like to know more about hope and how you relate to it?

Discover your hope score by taking the assessment at Dr. Hellman's website and begin your hope journey today. [www.chanhellman.com/hope-score](http://www.chanhellman.com/hope-score)

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**Article Idea? Comments?**

We want to hear from you!  
[newsletter@opers.ok.gov](mailto:newsletter@opers.ok.gov)

## DIRECTOR'S CORNER

*continued from page 1*

As Yogi Berra said, "[t]he future ain't what it used to be" and 2020 was one for the history books. In March 2020, OPERS, like many businesses throughout the world, was forced to change the way it functioned. Never had the agency operated through remote processes. Most of our employees worked from home full-time or mostly full-time. Nearly a year later, we continue to work remotely. But we have continued to offer 100% of our services without interruption. It has been a stressful and difficult year, but through commitment, dedication, belief, hope and enthusiasm we have endured and will come out on the other side even better. Despair is only for those who see the end; we do not.

It is an honor to lead such a magnificent group of dedicated state employees at OPERS especially during these trying times. We endeavor to provide you the best service possible in a professional and courteous manner. Soon, we can offer more efficient and electronic resources to make it easier for you to conduct business with our agency. The best way to predict the future is to create it. I am excited about our future and what it will bring to our employees and the people we serve. Excelsior.

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 two hundred seventy-five (36,275) copies have been prepared and distributed at a cost of \$5,187.33. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.