

retiringRIGHT

URSJJ

URSJJ Edition Winter 2021

Taxes and Your Retirement Benefit

Your monthly benefit amount may change in 2021

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

The URSJJ 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. Your current mailing address must match our records before a 1099-R will be mailed to you. All requests must include your name, 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 at www.opers.ok.gov/taxes.

Uniform Retirement System for Justices and Judges

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 106%. 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 22nd 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.

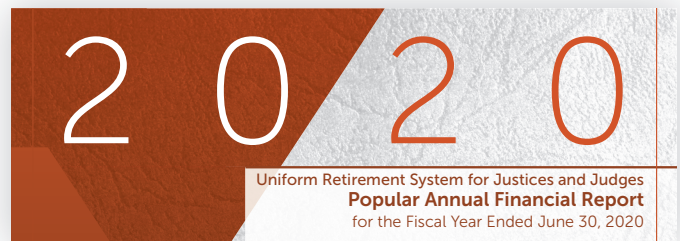
The long-term investment philosophy dates back over 30 years. In 1985, OPERS had approximately \$750 million in total assets. Today, the URSJJ alone has \$354.5 million. The OPERS legacy defined benefit plan has more than \$11 billion in assets, with an additional approximately \$1.2 billion in the two 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, the URSJJ paid over \$22 million in benefit payments,

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Are You *Feeling* Ready for Retirement?

Are you ready for retirement? Seems like an easy question requiring a simple yes or no. In reality, a myriad of factors affects your readiness and may elicit feelings of doubt, worry, or leaving the life you know behind. Reframe your goal of retiring “from” something to retiring “into” something else. What do you want that something else to look like, and does it satisfy the many needs provided by your job? Having a plan to replace the emotional, physical, social and financial needs will help you make the retirement decision more confidently.

Sense of Purpose

Carefree days spent by the pool, at a local fishing hole or around a game table are typical images of retirement. But realistically, how do you picture an average day in your retirement? Then, imagine what that will look like five years, 10 years and 20 years from now. Truthfully decide if that is fulfilling to you.

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If you are unsure where to start, make lists of hobbies to accomplish, activities sacrificed for your career, contributions to make to the world, and dreams yet to fulfill. These will help shape your role in retirement. Working can be part of the agenda, even if you don't need the additional income. You can start a new career, find an easy part-time job, get into the gig economy, or volunteer in your community or with your favorite charity. Looking forward to new interests makes it easier to step away.

Health and Health Care

Continuing to work while still able is an admirable plan. Having the health and energy to do the things you want makes retirement fulfilling and enjoyable. Take stock of your current health and the health history of your family. Plan for enough active years to accomplish your retirement goals.

Balance that with covering health care premiums and expenses no longer paid for by an employer. Check

for options on continuing your current coverage into retirement. When comparing individual health plans on the market, take note of how premiums change over your entire retirement. Keep in mind you become eligible for Medicare at age 65, which can significantly reduce costs.

Social Activities

In the workplace, we have direct conversations with other people multiple times a day. In retirement those encounters disappear. Proactively seek out more social opportunities by increasing your involvement with clubs, organizations or community groups. Reach out to former acquaintances and spend more time with family and friends. Social interaction positively impacts both physical and mental health, as well as provides a sense of belonging and purpose. Establishing these connections makes the outlook of retirement much more exciting.

Financial

Understand how much of your current income will be replaced by retirement funds. Your URSJJ retirement benefit is calculated by multiplying your final average salary by your years of service and then multiply by a 4% computation factor. Put another way, each year of service replaces 4% of your final average salary. Twenty years of service would be a 80% replacement ratio. You may also have Social Security benefits, personal savings and income from other employment to fill in that income gap.

While you are still working, focus on increasing your personal savings when possible. Choose to save money in an account that provides compounding growth. A sizeable nest egg will give you more flexibility in retirement and reassurance for unexpected emergencies.

Practicing these strategies may help you get from being ready for retirement to feeling ready for retirement.

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

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

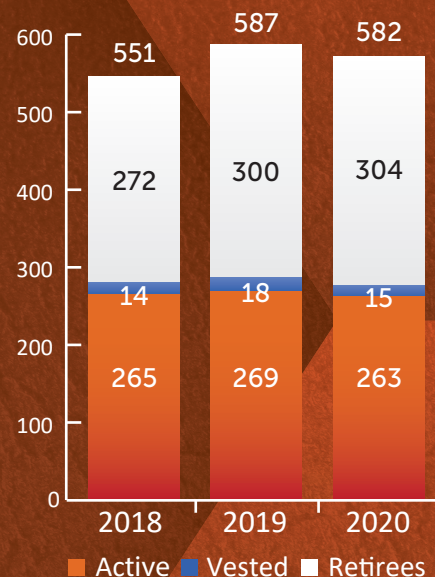
The URSJJ is a single-employer public employee retirement plan established in 1968 by the Oklahoma Legislature. The Plan covers Justices and Judges who sit on the Supreme Court of Oklahoma, the Oklahoma Court of Criminal Appeals, the Oklahoma Courts of Civil Appeals, the Oklahoma District Courts and 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)

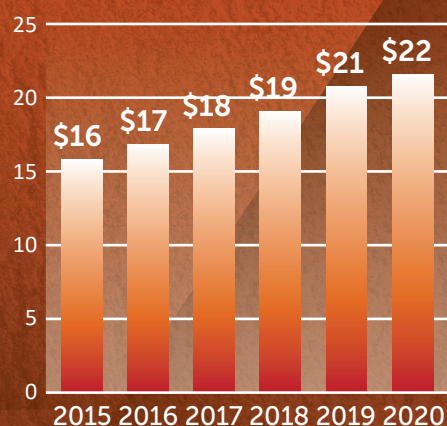
	2020			2019			2018		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Assets:									
Cash and cash equivalents	\$ 9.7	\$ 0.1	\$ 9.8	\$ 4.3	\$ -	\$ 4.3	\$ 8.1	\$ 0.1	\$ 8.2
Receivables	8.9	0.1	9.0	10.3	0.1	10.4	7.7	0.1	7.8
Investments	344.8	3.4	348.2	342.2	3.3	345.5	338.0	3.1	341.1
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.

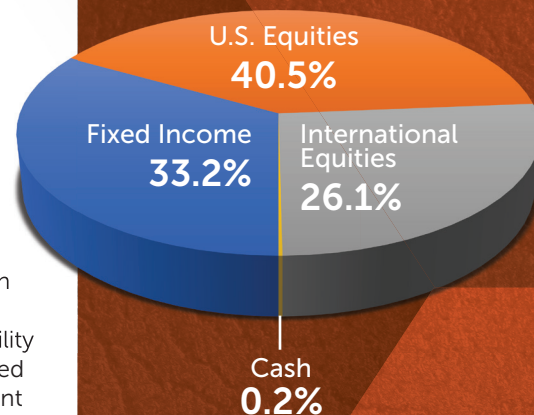
Funding

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.

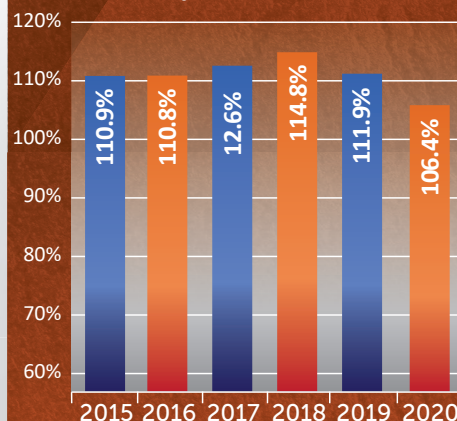
The URSJJ funded status decreased to 106.4 percent at July 1, 2020. The URSJJ funded ratio was at a low point 81.3 percent at July 1, 2010 before rebounding significantly to 96.3 percent at July 1, 2011 due to the removal of the cost-of-living-adjustment (COLA) assumption, and increased further to 114.8 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.

2020 ASSET MIX



FUNDED RATIO as of July 1

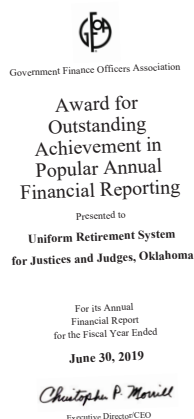


OPERS Awarded for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has given an *Award for Outstanding Achievement in Popular Annual Financial Reporting* to the 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.



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

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Article Idea? Comments?

We want to hear from you!
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DIRECTOR'S CORNER

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plus over \$647 million in OPERS benefit payments, with more than 90% of those benefits staying in Oklahoma directly supporting the economy in local communities throughout the state.

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 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 \$92.95. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.