

Uniform Retirement System for Judges and Justices

POPULAR ANNUAL FINANCIAL REPORT

for the Fiscal Year Ended June 30, 2021

TOGETHER

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, 2021. This report is a reader-friendly summary of financial information provided in the 2021 Comprehensive Annual Financial Report.

This report represents a financial summary of a year that despite being APART, we continued to remain focused on what brings us TOGETHER: *providing a secure retirement benefit for a lifetime*. Our dedication to providing continuous, sound retirement services during unprecedented times reflects our staff's commitment to our members.

This report represents what is best about the URSJJ and its members. My gratitude goes to those who have worked purposefully and intentionally to prepare this report for our members and employers.

Sincerely,

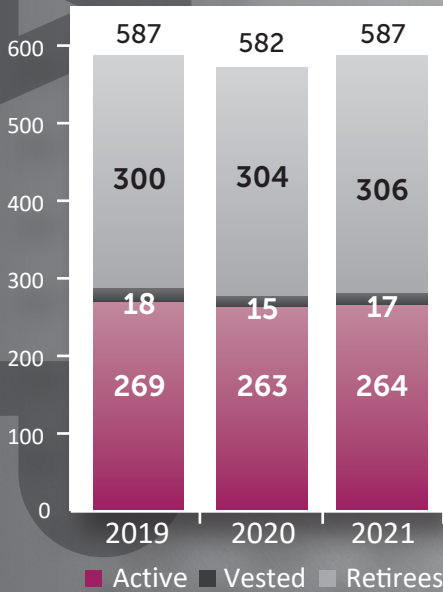
Joseph A. Fox
Executive Director



Comprehensive Annual Financial Report Online

The 2021 Popular Annual Financial Report for the Uniform Retirement System for Justices and Judges (URSJJ) contains summary financial information from the 2021 Comprehensive Annual Financial Report. The full report may be viewed, in its entirety online, at www.opers.ok.gov/publications.

DEMOGRAPHICS as of June 30



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, 2021, the Plan's membership includes 264 active members, 17 inactive members, and 306 retirees and beneficiaries.

Net Position

The net position restricted for pension and health insurance subsidy plan (HISP) totaled \$433.5 million at June 30, 2021, compared to \$350.9 million at June 30, 2020 and \$347.5 million at June 30, 2019. 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 \$82.6 million and increase of \$3.4 million of the respective years have resulted primarily from the changes in the fair value of the System's investments.

CONDENSED SCHEDULES OF FIDUCIARY NET POSITION

(\$ millions)

	2021			2020			2019		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Assets:									
Cash and cash equivalents	\$ 17.7	\$ 0.1	\$ 17.8	\$ 9.7	\$ 0.1	\$ 9.8	\$ 4.3	\$ -	\$ 4.3
Receivables	18.8	0.2	19.0	8.9	0.1	9.0	10.3	0.1	10.4
Investments	430.6	4.4	435.0	344.8	3.4	348.2	342.2	3.3	345.5
Securities lending collateral	15.7	0.2	15.9	17.5	0.2	17.7	12.4	0.1	12.5
Total assets	482.8	4.9	487.7	380.9	3.8	384.7	369.2	3.5	372.7
Liabilities:									
Other liabilities	37.9	0.4	38.3	15.9	0.2	16.1	12.6	0.1	12.7
Securities lending collateral	15.7	0.2	15.9	17.5	0.2	17.7	12.4	0.1	12.5
Total liabilities	53.6	0.6	54.2	33.4	0.4	33.8	25.0	0.2	25.2
Ending fiduciary net position	\$ 492.2	\$ 4.3	\$ 433.5	\$ 347.5	\$ 3.4	\$ 350.9	\$ 344.2	\$ 3.3	\$ 347.5

CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

(\$ millions)

	2021			2020			2019		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Member contributions	\$ 2.9	\$ -	\$ 2.9	\$ 2.8	\$ -	\$ 2.8	\$ 2.7	\$ -	\$ 2.7
State and local agency contributions	7.6	0.3	7.9	7.4	0.2	7.6	7.1	0.2	7.3
Net investment income	94.5	0.8	95.3	15.5	0.1	15.6	20.1	0.2	20.3
Total additions	105.0	1.1	106.1	25.7	0.3	26.0	29.9	0.4	30.3
Retirement, death and survivor benefits	23.0	0.2	23.2	22.0	0.2	22.2	20.4	0.2	20.6
Refunds and withdrawals	0.1	-	0.1	0.2	-	0.2	-	-	-
Administrative expenses	0.2	-	0.2	0.2	-	0.2	0.2	-	0.2
Total deductions	23.3	0.2	23.5	22.4	0.2	22.6	20.6	0.2	20.8
Net increase in fiduciary net position	81.7	0.9	82.6	3.3	0.1	3.4	9.3	0.2	9.5
Beginning of year	347.5	3.4	350.9	344.2	3.3	347.5	334.9	3.1	338.0
End of year	\$ 429.2	\$ 4.3	\$ 433.5	\$ 347.5	\$ 3.4	\$ 350.9	\$ 344.2	\$ 3.3	\$ 347.5

Changes in Fiduciary Net Position

For the year ended June 30, 2021, fiduciary net position increased \$82.6 million, or 23.5 percent. Total assets increased by \$103.0 million, or 26.8 percent, due to an increase of 24.9 percent in investments, an increase of 111.1 percent in receivables and an increase of 81.6 percent in cash and cash equivalents. The System achieved a rate of return of 27.7 percent compared to the prior year of 4.6 percent resulting in most of the increase in fiduciary net position. Total liabilities increased 60.4 percent primarily due to an 137.9 percent increase in pending purchases of securities. For fiscal year 2021, we saw a slight decrease in securities lending collateral by 10 percent.

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, 2021, total deductions increased \$0.9 million, or 4.1 percent, from the prior year. Retirement, death, and survivor benefits increased \$1.0 million, or 4.7 percent, and the average benefit increased 0.5 percent compared to the prior year due to a 0.7 percent increase in the number of retirees. Refunds and withdrawals decreased 54.1 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 decreased 0.6 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

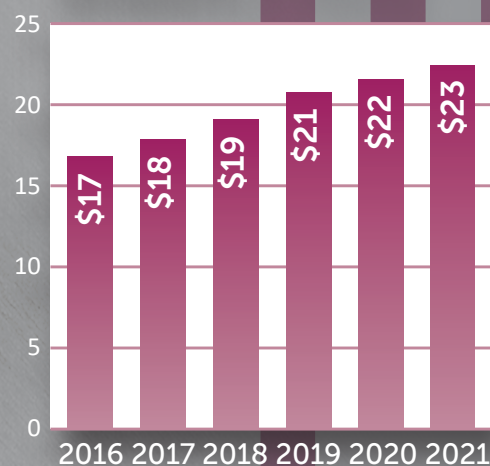
The Board of Trustees adheres to the highest standard in making investment decisions for the Plan – the Prudent Investor Rule. URSJJ's funds are invested solely in the best interest of the members and their beneficiaries with a goal of keeping administrative expenses as low as possible. The 2021 increase in the System's managed investments is due mainly in the increase in fixed income investments, U.S. equities and international equities. The System's overall return for the year ended June 30, 2021 was 27.7 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 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 2021, investments provided a 27.7 percent rate of return. The annualized rate of return for URSJJ was 12.4 percent over the last three years and 11.6 percent over the last five years. At June 30, 2021, the allocation of the investment portfolio is shown in the **Asset Mix** chart.

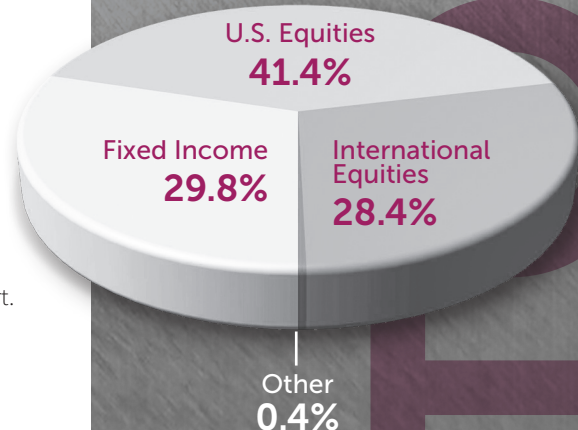
SCHEDULE OF BENEFIT PAYMENTS (\$ millions)



RATE OF RETURN

Year Ended June 30,	Total
2021	27.7 %
2020	4.6
2019	6.2
2018	8.4
2017	12.7
2016	0.6

2021 ASSET MIX



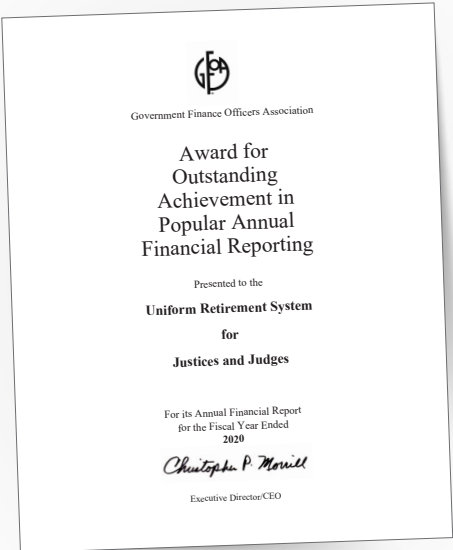
Funding

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, 2021 amounted to \$341.9 million and \$380.4 million, respectively.

The URSJJ funded status increased to 111.3 percent at July 1, 2021. This is a significant rebound from the 81.3 percent at July 1, 2010. Historically, the URSJJ has been well-funded with the funded status reaching as high as 148.2 percent at June 30, 2002. The Funded Ratio chart shows the change in funded status over the past six fiscal years.

URSJJ Awarded for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Uniform Retirement System for Justices and Judges for its Popular Annual Financial Report for the fiscal year ended June 30, 2020. 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 eighth 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.

FUNDED RATIO
as of July 1

