

Retired Member Edition Winter 2022

Digital Forms Available on OPERS Website

OPERS has taken another step into the digital world. We have made several of our most popular forms available as online digital forms. You can now complete certain requests and forms without making a phone call, printing a form, or using a stamp. Best of all you can access the forms 24 hours a day.

Digital forms are easy to use. You complete required fields, add an electronic signature, and click submit. You must provide a valid email address for OPERS to receive the form. Next you will confirm your email address and digital signature by checking your email and following the steps. Once you verify your electronic signature, the form enters our normal workflows.

Digital forms provide new features and benefits. For example, the Change of Address form will check the mailing address against the United States Postal Service cutting down on errors. Also, OPERS will now send confirmation letters to both the old and new addresses for added security.

Digital forms currently available on our website (www.opers.ok.gov/forms) include:

- **Change of Address**
- **Member Information or Document Request**
- **Withholding Preference Certificate**

Making use of new technology allows us to change our processes to save time and money and deliver better service to our members. We began updating to online forms a few months ago, and will continue considering other forms for the digital format.

Forms to Review Yearly:

- **Beneficiary Designation**
- **Change of Address**
- **Direct Deposit Authorization Form**
(call OPERS to request this form)
- **Tax Withholding Preference Certificate**

Oklahoma Public Employees Retirement System

DIRECTOR'S CORNER

Joseph A. Fox, Executive Director

As the calendar rolls into 2022, I am happy to report your Retirement System continues to be in outstanding financial condition; perhaps the most robust in the System's almost 60-year history. As you will see in this newsletter, the numbers are impressive. The System is nearly 100% funded on an actuarial basis and the Plan assets were at an all-time high as of July 1, 2021. The equity markets have continued to deliver attractive returns since July, so Plan assets have surged past the new highs achieved during the fiscal year. But capital markets are volatile, and we remain cautious and know we cannot get ahead of ourselves. We have only reached these levels through the commitment of our strong Board of Trustees and staff, with their steadfast focus on our long-term investment philosophy.

There is an abundance of good information to be found in our Comprehensive Annual Financial Reports and the Actuarial Valuation Reports for FY2021 and would encourage you to take a look. This year's theme, "Together – Apart" is appropriate for our new normal. Even though we have been apart, the OPERS staff has worked together to continue to provide consistent and excellent service to our members.

For the twenty-fourth consecutive year, our staff has been nationally recognized by the Government Finance Officers Association and was awarded the Certificate of Achievement for Excellence in Financial Reporting for its annual financial report. Staff also received the Public Pension Standards Award by the Public Pension Coordinating Council for meeting professional standards for plan funding and administration. These awards are important and show the professional dedication our staff exercises in protecting your investment.

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TOGETHER

Oklahoma Public Employees Retirement System
POPULAR ANNUAL FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2021

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Taxes and Your Retirement Benefit

Tax season is here and now is the time to start gathering your important tax papers.

Every year, OPERS mails each retiree a Form 1099-R at the end of January. 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 need this information to complete your state and federal income tax return.

You should allow 10-15 business days for delivery of your 1099-R. If you have not received your form by February 15th you may request a copy with the Member Information or Document Request form. You can complete and submit the form online at www.opers.ok.gov/forms or call us to have it mailed to you. Your mailing address must match our records before a 1099-R will be mailed to you.

More information about taxes and the Form 1099-R can be found on the OPERS website at www.opers.ok.gov/taxes.

Your monthly benefit amount may change in 2022

OPERS retirement benefits are considered taxable income. The tax rates applied to your benefit are based on withholding tables provided by the IRS and the Oklahoma Tax Commission. Changes to the tax withholding table may change the amount of taxes taken out of your deposit.

If your tax situation is changing, you should review your withholdings for 2022. You should seek advice from your tax accountant and submit a new Tax Withholding Preference Certificate if needed. This form can be found at www.opers.ok.gov/taxes. The form must be received by OPERS before the 5th of the month for the change to be in effect for the deposit that month.

2022 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 2022 health insurance premium rates. For more information on the 2022 rate changes, visit the EGID website at www.oklahoma.gov/omes/services/employees-group-insurance-division.html. OPERS cannot answer questions related to 2022 rate changes or coverage. If you have specific questions about your coverage, please contact EGID at 1-800-752-9475.

2022 Direct Deposit Dates

As an OPERS retiree, you will receive your benefit the last working day of the month by direct deposit.

You may change where your benefit is direct deposited by completing a new Direct Deposit Authorization form. Call the OPERS office at (800) 733-9008 to request this form.

Forms are due the 5th of the month for your payment to be direct deposited into your account for that month. We recommend leaving the old account open until your benefit has cleared the new account. When we receive the form, any returned checks will be reissued along with the current monthly benefit at the end of the month.

February 28
March 31
April 29
May 31
June 30
July 29
August 31
September 30
October 31
November 30
December 30

Oklahoma Public Employees Retirement System

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 Oklahoma Public Employees Retirement System (OPERS) 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 OPERS and its members. My gratitude goes to those who have worked purposefully and intentionally to prepare this report for our members and employers.

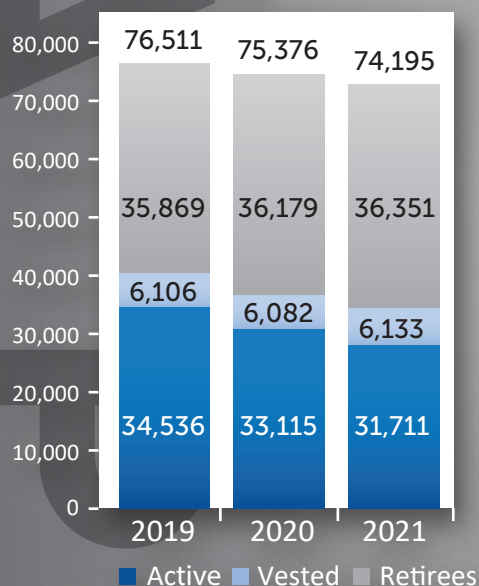
Sincerely,
Joseph A. Fox
Executive Director



Comprehensive Annual Financial Report Online

The 2021 Popular Annual Financial Report for the Oklahoma Public Employees Retirement System (OPERS) 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 OPERS

The Oklahoma Legislature established OPERS in 1964. As of June 30, 2021, the Plan consisted of 287 participating employers comprised of state, county, and local agencies. The membership includes 31,711 active members, 6,133 inactive members, and 36,351 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 \$12.5 billion at June 30, 2021 comparable to the position at June 30, 2020, improving by approximately \$2.5 billion due to investment income and flows of funds, and \$9.9 billion at June 30, 2019. The net position is available for payment of monthly retirement benefits and other qualified distributions to the System's participants. US Equity and International Equity performed significantly well during fiscal year 2021, resulting in an increase in net investment income which led to an increase in net position restricted for pension/HISP benefits from June 30, 2020 to June 30, 2021 contrary to the prior year where Fixed Income made the most impact from June 30, 2019 to June 30, 2020.

CONDENSED SCHEDULES OF FIDUCIARY NET POSITION

(\$ millions)

	2021			2020			2019		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Assets:									
Cash and cash equivalents	\$ 511.7	\$ 11.6	\$ 523.3	\$ 299.2	\$ 9.4	\$ 308.6	\$ 127.3	\$ 6.9	\$ 134.2
Receivables	543.5	20.8	564.3	258.8	9.9	268.7	322.1	11.9	334.0
Investments	12,064.2	466.3	12,530.5	9,632.5	374.1	10,006.6	9,489.1	354.0	9,843.1
Securities lending collateral	580.4	22.4	602.8	411.2	16.0	427.2	462.9	17.3	480.2
Other assets	0.8	0.1	0.9	1.0	0.1	1.1	1.0	-	1.0
Total assets	13,700.6	521.2	14,221.8	10,602.7	409.5	11,012.2	10,402.4	390.1	10,792.5
Liabilities:									
Other liabilities	1052.5	40.7	1093.2	469.0	18.2	487.2	346.4	12.9	359.3
Securities lending collateral	580.4	22.4	602.8	411.2	16.0	427.2	462.9	17.3	480.2
Total liabilities	1,632.9	63.1	1,696.0	880.2	34.2	914.4	809.3	30.2	839.5
Ending fiduciary net position	\$12,067.7	\$458.1	\$ 12,525.8	\$ 9,722.5	\$375.3	\$ 10,097.8	\$ 9,593.1	\$359.9	\$ 9,953.0

CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

(\$ millions)

	2021			2020			2019		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Member contributions	\$ 66.2	\$ -	\$ 66.2	\$ 67.8	\$ -	\$ 67.8	\$ 66.6	\$ -	\$ 66.6
State and local agency contributions	275.3	17.7	293.0	274.9	19.2	294.1	263.7	18.8	282.5
Net investment income	2,681.3	83.0	2,764.3	435.3	14.5	449.8	544.2	18.8	563.0
Total additions	3,022.8	100.7	3,123.5	778.0	33.7	811.7	874.5	37.6	912.1
Retirement, death and survivor benefits	661.6	17.7	679.3	628.7	18.1	646.8	621.4	18.6	640.0
Refunds and withdrawals	10.7	-	10.7	14.4	-	14.4	15.4	-	15.4
Administrative expenses	5.3	0.2	5.5	5.5	0.2	5.7	5.6	0.2	5.8
Total deductions	677.6	17.9	695.5	648.6	18.3	666.9	642.4	18.8	661.2
Net increase in fiduciary net position	2,345.2	82.8	2,428.0	129.4	15.4	144.8	232.1	18.8	250.9
Beginning of year	9,722.5	375.3	10,097.8	9,593.1	359.9	9,953.0	9,361.0	341.1	9,702.1
End of year	\$12,067.7	\$458.1	\$ 12,525.8	\$ 9,722.5	\$ 375.3	\$ 10,097.8	\$ 9,593.1	\$ 359.9	\$ 9,953.0

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, 2021, fiduciary net position increased by \$2,428.0 million, or 24.0 percent, from June 30, 2020. Total assets increased \$3,209.6 million, or 29.1 percent, due to a 25.2 percent increase in investments change in fair value and 41.1 percent increase in Securities lending collateral. The System achieved a rate of return of 28.0 percent which is considerably higher than the prior year of 4.7 percent. Total liabilities increased \$781.6 million, or 85.5 percent, due to a 124.4 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, 2021, total deductions increased \$28.6 million, or 4.3 percent, from the prior year. Retirement, death, and survivor benefits increased \$32.5 million, or 5.0 percent, due to a 0.5 percent increase in the number of retirees at year end and a 1.4 percent increase in the average benefit. Refunds and withdrawals decreased \$3.7 million, or 25.7 percent, from prior year followed by a 4.4 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

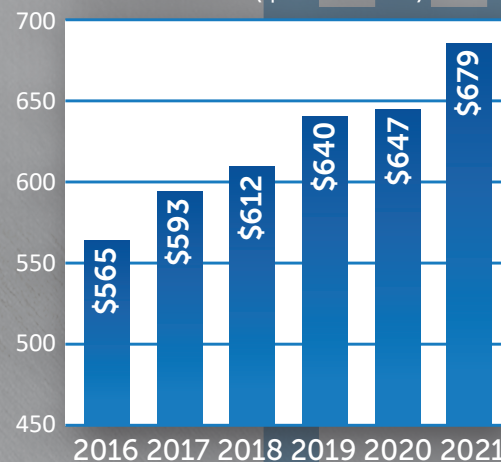
The Board of Trustees adheres to the highest standard in making investment decisions for the Plan – the Prudent Investor Rule. OPERS' funds are invested solely in the best interest of the members and their beneficiaries with a goal of keeping administrative expenses as low as possible. The 2021 increase in the System's managed investments is reflective of the increase in domestic and international income markets for the year. The System's overall return for the year ended June 30, 2021 was 28.0 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 OPERS has exposure. At fiscal year end, the investment portfolio of OPERS was actively managed by three fixed income managers, six domestic equity managers and two international equity managers. OPERS' investment portfolio also consisted of passively managed index funds, including one fixed income index fund, two domestic equity index fund and two international equity index funds.

For fiscal year 2021, investments provided a 28 percent rate of return. The annualized rate of return for OPERS was 12.5 percent over the last three years and 11.7 percent over the last five years. The allocation of the investment portfolio, as of June 30, 2021, is shown in the **Asset Mix** chart.

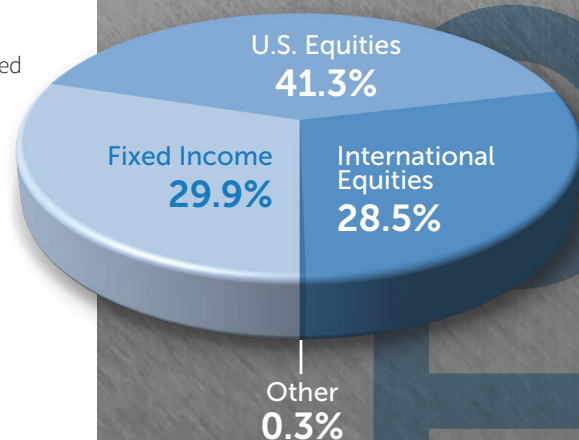
SCHEDULE OF BENEFIT PAYMENTS (\$ millions)



RATE OF RETURN

Year Ended June 30,	Total
2021	28.0 %
2020	4.7
2019	6.1
2018	8.4
2017	12.8
2016	0.3

2021 ASSET MIX



Funding

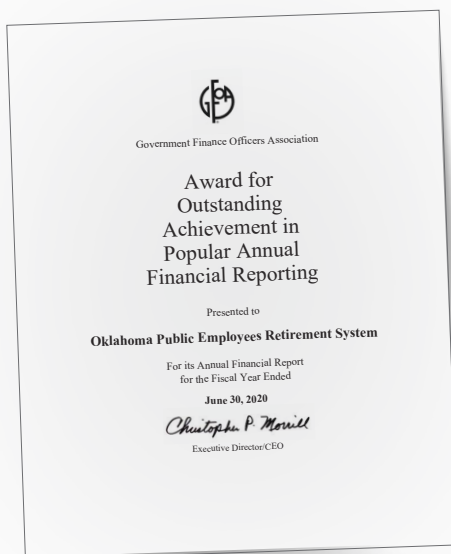
A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It must also have a revenue source sufficient to keep up with future obligations. The funding objective for OPERS is to meet long-term benefit promises through contributions that 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, 2021 amounted to \$11.0 billion and \$11.0 billion respectively.

The OPERS funded status increased to 99.5 percent at July 1, 2021. In 2011, the funded ratio significantly increased to 80.7 percent due to the removal of the cost-of-living-adjustment (COLA) assumption. The **Funded Ratio** chart shows the change in funded status over the past six fiscal years.

OPERS Awarded for Excellence in Financial Reporting

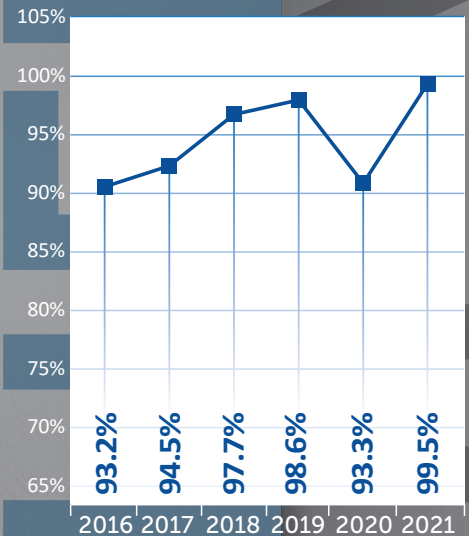
The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Oklahoma Public Employees Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2020. The 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. OPERS has received the award for the last 14 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 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 11th consecutive award OPERS has received in recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

FUNDED RATIO
as of July 1



Healthful Hints: Fresh Air Does the Body Good

There is nothing like stepping outdoors and filling your lungs full of fresh, clean air. It gives an invigorating feeling and sense of calm. Fresh air also boosts your health and energy level.

Why is getting fresh air better?

With each breath we slowly deplete oxygen from the air indoors. Our bodies must then spend more energy getting the oxygen we need. When you trade stale, recycled air for fresh outdoor air, your body works less, giving you back more energy. Both your mind and body feel refreshed.

Another benefit is an increase of serotonin, one of the feel-good hormones. As the oxygen level rises in your brain so does production of serotonin. Taking in a deep breath of oxygen-saturated fresh air can literally make you feel happier and healthier. The functioning of your bodily organs, and the health and repair of cells and tissue depend on oxygen. The quality of air you inhale has an impact on your healing and recovery from illness.

Can we just make indoor air better?

Indoor air is often more polluted than the air outside. Dust mites, mold and harmful chemicals emitted from household products contaminate our air and collect on surfaces and fabrics. Using a HEPA air purifier may remove these impurities and help prevent or reduce allergies and illness. But you are still left with stale, low oxygen air. Improving indoor air quality comes from ventilating with clean outdoor air in combination with a quality filter. Keep in mind more people sharing a space requires a greater air exchange rate to be effective.

What is the best fresh air?

The easiest and best option is simply going outdoors. Plus, if you spend that time in a green or blue space, you will gain additional benefits. Multiple studies have shown being out in nature helps with physical relaxation, lowering blood pressure and stress. During a workday, stepping out for a fresh air break provides rest for your eyes from staring at a computer screen. On a sunny day, you can also take in some Vitamin D.

Taking advantage of this low effort boost to your well being doesn't require relocating your office or living space to your backyard. Just 20 minutes of being outdoors is enough to boost your vitality levels. Next time you reach a mental block or feel sluggish, take a short break outside. This will relax your mind from intense thinking and re-spark creativity and productivity. You will find yourself re-energized, focused and ready to tackle your day again.



As the weather warms up, hiking is a great way to get outdoors with the bonus of exercise. Popular spots with trails for all levels of hiking in Oklahoma include:

- **Beavers Bend State Park**, Broken Bow
- **Natural Falls State Park**, Colcord
- **Wichita Mountains Wildlife Refuge**, Lawton
- **Turkey Mountain**, Tulsa
- **Martin Park Nature Center**, Oklahoma City
- **Robbers Cave State Park**, Wilburton
- **Greenleaf State Park**, Braggs
- **McGee Creek Natural Scenic Recreation Area**, Atoka
- **Roman Nose State Park**, Watonga
- **Chickasaw National Recreation Area**, Sulphur

Feeling more adventurous? Try these more demanding trails with a rewarding view:

- **Cathedral Mountain Trail at Gloss Mountain State Park**, Fairview
- **Elk Mountain Summit Trail at Wichita Mountains Wildlife Refuge**, Lawton
- **Black Mesa Summit Trail at Black Mesa State Park**, Kenton

Search "hiking" at www.travelok.com for other ideas.

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www.opers.ok.gov

Article Idea? Comments?

We want to hear from you!
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 six hundred (36,600) copies have been prepared and distributed at a cost of \$6,295.20. An electronic version of this publication has been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.

DIRECTOR'S CORNER

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Member experience is a top priority and our goal this year is to make the retirement process as smooth and efficient as possible for our retiring members. In these changing times, together and apart, we will continue to enhance and improve the services we provide. To help us achieve these goals, we have new faces and changing roles. Sarah Ashmore has joined OPERS filling the new position of Director of Benefits Administration, and Kristi Ice was promoted to General Counsel and Legislative Director.

We are the safe keepers of pensions for tens of thousands of Oklahomans and we take our jobs seriously. We seek to secure the best investments and services for our membership, and do everything possible to help our members prepare for and enjoy a successful retirement. I hope everyone has a healthy and safe year.