
Oklahoma Public Employees Retirement System
POPULAR ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2023

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, 2023. This report is a reader-friendly summary of financial information provided in the 2023 Annual Comprehensive Financial Report.

OPERS continued to meet our responsibilities during fiscal year 2023 with an absolute commitment to the highest quality service to our members and employers, which shows our dedication to accountability and transparency.

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

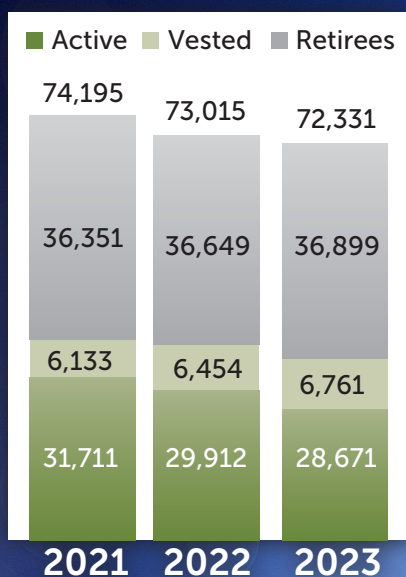


Annual Comprehensive Financial Report Online

The 2023 Popular Annual Financial Report for the Oklahoma Public Employees Retirement System (OPERS) contains summary financial information from the 2023 Annual Comprehensive Financial Report. The full report may be viewed, in its entirety online, at [**www.opers.ok.gov/publications**](http://www.opers.ok.gov/publications).

DEMOGRAPHICS

as of June 30



About OPERS

The Oklahoma Legislature established OPERS in 1964. As of June 30, 2023, the Plan consisted of 289 participating employers comprised of state, county, and local agencies. The membership includes 28,671 active members, 6,761 inactive members, and 36,899 retirees and beneficiaries. Active membership has steadily decreased since the creation of 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 under \$11.2 billion at June 30, 2023 comparable to the position at June 30, 2022 of \$10.4 billion and \$12.5 billion at June 30, 2021. The increase of \$0.8 billion from the prior year was due to an increase in investment income and flows of funds. 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 saw a significant gain in fiscal year 2023, resulting in an increase in net investment income which led to a gain in net position restricted for pension/HISP benefits from June 30, 2022 to June 30, 2023 contrary to the prior year where there was a significant loss of a negative 14.5% rate of return from June 30, 2021 to June 30, 2022.

CONDENSED SCHEDULES OF FIDUCIARY NET POSITION

(\$ millions)

	2023			2022			2021		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Assets:									
Cash and cash equivalents	\$ 112.2	\$ 8.6	\$ 120.8	\$ 172.4	\$ 8.9	\$ 181.3	\$ 511.7	\$ 11.6	\$ 523.3
Receivables	334.3	13.3	347.6	317.2	12.7	329.9	543.5	20.8	564.3
Investments	10,810.1	436.2	11,246.3	10,092.0	407.8	10,499.8	12,064.2	466.3	12,530.5
Securities lending collateral	334.6	13.5	348.1	463.1	18.7	481.8	580.4	22.4	602.8
Other assets	0.7	-	0.7	0.4	-	0.4	0.8	0.1	0.9
Total assets	11,591.9	471.6	12,063.5	11,045.1	448.1	11,493.2	13,700.6	521.2	14,221.8
Liabilities:									
Other liabilities	541.4	21.9	563.3	594.5	24.0	618.5	1052.5	40.7	1093.2
Securities lending collateral	334.6	13.5	348.1	463.1	18.7	481.8	580.4	22.4	602.8
Total liabilities	876.0	35.4	911.4	1,057.6	42.7	1,100.3	1,632.9	63.1	1,696.0
Ending fiduciary net position	\$10,715.9	\$436.2	\$11,152.1	\$9,987.5	\$405.4	\$10,392.9	\$ 12,067.7	\$458.1	\$12,525.8

CONDENSED SCHEDULES OF CHANGES IN FIDUCIARY NET POSITION

(\$ millions)

	2023			2022			2021		
	Pension	HISP	Combined	Pension	HISP	Combined	Pension	HISP	Combined
Member contributions	\$ 68.7	\$ -	\$ 68.7	\$ 66.4	\$ -	\$ 66.4	\$ 66.2	\$ -	\$ 66.2
State and local agency contributions	296.2	16.8	313.0	283.2	16.6	299.8	275.3	17.7	293.0
Net investment income (loss)	1,071.7	31.0	1,102.7	(1,736.6)	(51.9)	(1788.5)	2,681.3	83.0	2,764.3
Total additions	1,436.6	47.8	1,484.4	(1,387.0)	(35.3)	(1,422.3)	3,022.8	100.7	3,123.5
Retirement, death and survivor benefits	688.6	16.8	705.4	675.6	17.2	692.8	661.6	17.7	679.3
Refunds and withdrawals	13.1	-	13.1	11.9	-	11.9	10.7	-	10.7
Administrative expenses	6.5	0.2	6.7	5.7	0.2	5.9	5.3	0.2	5.5
Total deductions	708.2	17.0	725.2	693.2	17.4	710.6	677.6	17.9	695.5
Net increase in fiduciary net position	728.4	30.8	759.2	(2,080.2)	(52.7)	(2,132.9)	2,345.2	82.8	2,428.0
Beginning of year	9,987.5	405.4	10,392.9	12,067.7	458.1	12,525.8	9,722.5	375.3	10,097.8
End of year	\$10,715.9	\$436.2	\$11,152.1	\$ 9,987.5	\$ 405.4	\$10,392.9	\$12,067.7	\$ 458.1	\$12,525.8

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, 2023, fiduciary net position increased by \$759.2 million, or 7.3%, from June 30, 2022. Total assets increased \$570.3 million, or 5.0%, due to a 7.1% increase in investments change in fair value and 5.0% increase in total assets. The System achieved a rate of return of 10.9% which is considerably higher than the prior year of -14.5%. Total liabilities decreased \$188.9 million, or 17.2%, due to an 8.9% decrease 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, 2023, total deductions increased \$14.6 million, or 2.1%, from the prior year. Retirement, death, and survivor benefits increased \$12.6 million, or 1.8%, due to a 0.7% increase in the number of retirees at year end and a 1.3% increase in the average benefit. Refunds and withdrawals increased \$1.3 million, or 10.5%, from prior year followed by a 13.1% increase 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

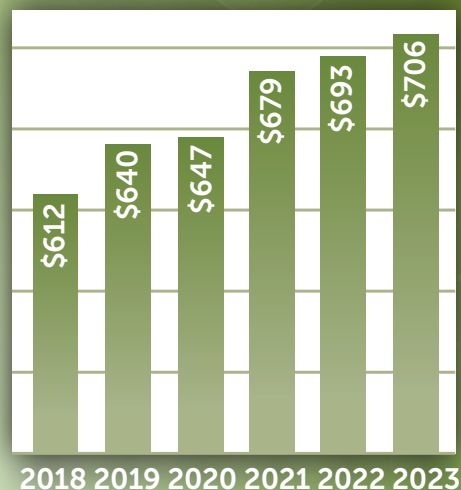
The Board of Trustees adheres to the highest standard in making investment decisions for the Plan – the Prudent Investor Rule. OPERS' funds are invested solely in the best interest of the members and their beneficiaries with a goal of keeping administrative expenses as low as possible. The 2023 increase 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, 2023 was 10.9%. 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 funds and two international equity index funds.

For fiscal year 2023, investments provided a gain of 10.9 percent. The annualized rate of return for OPERS was 6.7 percent over the last three years and 6.2 percent over the last five years. The allocation of the investment portfolio, as of June 30, 2023, is shown in the **Asset Mix** chart.

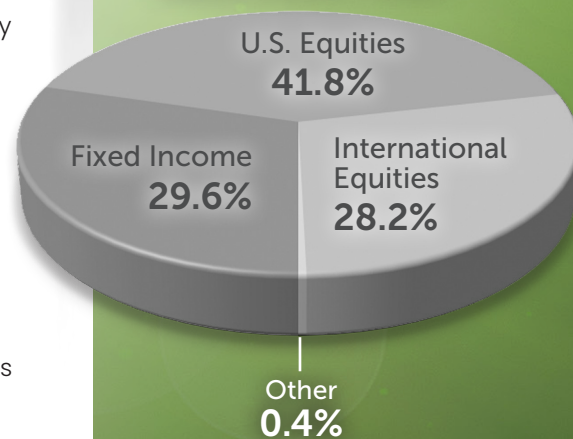
SCHEDULE OF BENEFIT PAYMENTS (\$ millions)



RATE OF RETURN

Year Ended June 30,	Total
2023	10.9 %
2022	(14.5)
2021	28.0
2020	4.7
2019	6.1
2018	8.4

2023 ASSET MIX



Funding

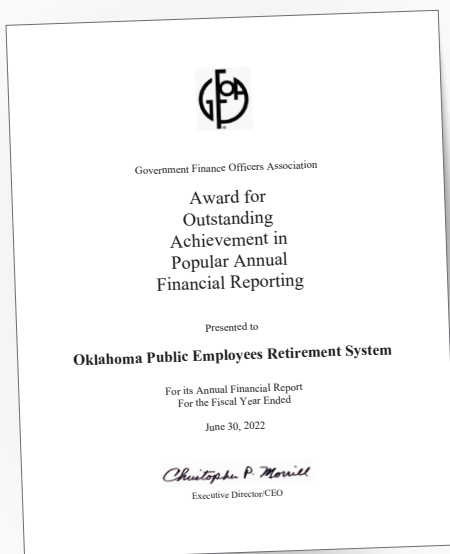
A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It must also have a revenue source sufficient to keep up with future obligations. The funding objective for OPERS is to meet long-term benefit promises through contributions that 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, 2023 amounted to \$11.5 billion and \$11.6 billion respectively.

The OPERS funded status decreased to 100.7% percent at July 1, 2023. In 2011, the funded ration 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, 2022. 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 16 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 13th 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

