

OPERS Informational Webinar

Presented by the Oklahoma Public Employees Retirement System

Handouts

OPERS is a Defined Benefit Plan

Employer Contributions
Member Contributions

Investment Returns

Lifetime Benefit Payments

How do I calculate my benefit?

Final Average Salary

Service Credit

X Computation Factor (2%)

Lifetime Annual Benefit

opers.ok.gov/benefit-estimator
opers.ok.gov/service-credit

Final Average Salary

- Out of the last 10 years
 - Before July 1, 2013 - highest **three** years
 - On or after July 1, 2013 – highest **five** years
- Includes
 - ✓ Gross, full-time pay
 - ✓ Longevities
- Does Not Include
 - ✗ Overtime,
 - ✗ Reimbursements (travel, clothes, insurance, etc)
 - ✗ Tips

* Final Average Salary may be different if you are an elected official

Service Credit

- Participating service begins first of the month following hire date
- Other service you may receive credit for include:
 - Purchases service
 - Prior service
 - Bonus years
 - Military service
 - Unused sick leave
- Before November 1, 2012 – rounded to the nearest full year
- On or after November 1, 2012 – full years and months (no rounding)

Computation Factor

2%

Total Service	% of Final Ave Salary
10	20%
15	30%
20	40%
25	50%
30	60%
35	70%
40	80%
45	90%
50	100%

*The contribution rate may be different for elected officials and hazardous duty employees.

How do I calculate my benefit?

	Final Average Salary	\$30,000
	Service Credit	25
X	Computation Factor (2%)	.02
	Lifetime Annual Benefit	\$15,000
		\$1,250 monthly



opers.ok.gov/benefit-estimator

opers.ok.gov/service-credit



2.5% Step-Up Program

Program basics:

- Increases computation factor from 2.0% to 2.5%
- Additional contribution required (currently 2.91%, subject to change)
- Only full years of participation count toward the 2.5% calculation
- Irrevocable election to participate
- Not available to Hazardous Duty members

More information available in Step-Up brochure and on the OPERS website



Example Step-Up Calculation

Service credit = 25 years total service

- 14 yrs., 1 mo. Pre-Step-Up; 10 yrs., 10 mo. Post-Step-Up

Non-Step-Up		Step-Up Service		
	\$30,000		\$30,000	
X	15	X	10	
X	0.02	X	0.025	
=	\$9,000 Annually	=	\$7,500 Annually	\$750
÷	12	÷	12	+
=	\$750	=	\$625	\$625
				=
				\$1,375 Monthly

Unused Sick Leave

Hours of Unused Sick Leave	Months of OPERS Service Credit
0 – 159	0
160 – 319	1
320 – 479	2
480 – 639	3
640 – 799	4
800 – 959	5
960 (maximum)	6

*Rounding eliminated for members who begin on or after November 1, 2012. These members will be credited with full years and months of participation.

Unused Sick Leave Examples

When it adds a year:

21 years 0 months	Service Credit
+ 6 months	Unused Sick Leave
21 years 6 months	Total Service
22 years	Total Service Credit

When it does NOT add a year:

21 years 9 months	Service Credit
+ 6 months	Unused Sick Leave
22 years 3 months	Total Service
22 years	Total Service Credit

Normal Retirement Eligibility

Members who began participation in OPERS **before November 1, 2011**

Age 62 with 6 years of full-time equivalent employment OR **80 points** (age + service credit) if you initially became a member before July 1, 1992
OR
90 points (age + service credit) if you initially became a member on or after July 1, 1992

Members who began participation in OPERS **on or after November 1, 2011**

Age 65 with 6 years of full-time equivalent employment OR **90 points** (age + service credit) and at least 60 years of age

Early Retirement Eligibility

Members who began participation in OPERS **before November 1, 2011**

- Ages 55 to 62
- 10 years of participating service
- Permanently reduced benefits

Early Retirement Reduction Factors	
Age	Percentage
62	100.00
59	80.00
57	66.67
55	60.00

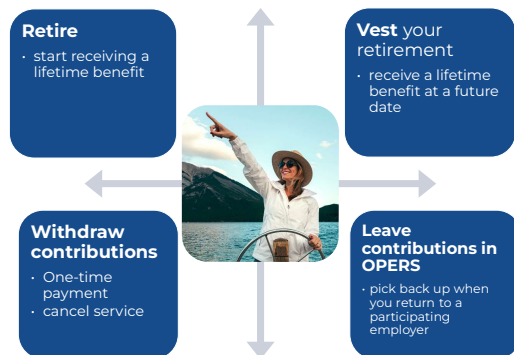
Members who began participation in OPERS **on or after November 1, 2011**

- Ages 60 to 65
- 10 years of participating service
- Permanently reduced benefits

Early Retirement Reduction Factors	
Age	Percentage
65	100.00
63	86.67
61	73.33
60	66.67

opers.ok.gov/retirement-eligibility

Four Possible Paths

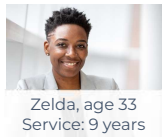


Vesting

Vesting = Your Right to a Future Benefit

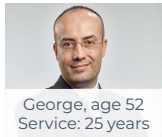
- Must have 8 years of credited service.
- Of the 8 years needed, at least 6 of those years must be full-time equivalent employment with a participating OPERS employer.

Vesting Examples



Vests Benefit
29 years

Draws benefit
Age 62



Vests Benefit
3 years

Draws benefit
Age 55
(Rule of 80)

Taking a Withdrawal

- Taxable contributions subject to 20% federal and 5% state taxes (additional 10% penalty for early distribution before the age of 59½).
- Withdrawn contributions may be rolled over to another retirement plan accepting rollovers or an Individual Retirement Account and taxes deferred until distributed.
- Payment will not be made until the **fifth** month following date of termination.
- Call OPERS for a Withdrawal Packet

Withdrawal & Vesting Comparison

Sally, age 34, leaves after 10 years. Her salary during that time was \$33,000.

Sally takes withdrawal

\$11,500 Contributions
less 25% taxes
less 10% early penalty

**Total withdrawal:
\$7,507.50**

One-time payment

Sally vests her benefit

Normal eligibility at 62
Benefit: \$550/month

**Break even point:
14 months**

Life-time payment

2 years = \$13,200 10 years = \$66,000 20 years = \$132,000 30 years = \$198,000

Retirement Timeline

At least 2 years before	• Request a benefit calculation
3 to 6 months before	• Contact retirement coordinator
60 days before	• <i>Retirement Application</i> deadline
45 day before	• Acknowledgement
15 days before	• Preliminary statement
Retirement Day	
55 days after	• Final benefit statement
60 days after	• First two deposits

Applying for Retirement

Retirement application process is now digital!

Retirement Application page

- How to videos
- Instructions
- List of documents to gather



www.opers.ok.gov/retire

Retirement Options

- Maximum: No Survivor Benefits
- Option A: Reduced Benefit + $\frac{1}{2}$ Survivor Annuity
- Option B: Reduced Benefit + 100% Survivor Annuity
- Option C: Reduced Benefit with 10-year term certain

Retired Member Death Benefit

\$5,000 to your beneficiary(ies)

- Not life insurance
- Paid by OPERS
- Taxed as ordinary income
- Can be rolled over to defer taxes if 1) spouse is beneficiary, or 2) a non-spouse beneficiary rolls it over to an Inherited IRA

Keep your beneficiaries up-to-date!

Taxation of Retirement Benefits

- Benefits are considered income for tax purposes.
- You can have state and federal taxes withheld from your retirement benefits.
- OPERS will send you a 1099-R at the end of January each year.
- In the State of Oklahoma, the first \$10,000 of your benefit is excluded from Oklahoma income taxation.

Retired Returning to Work

Non-OPERS employer

No effect on your OPERS benefit



OPERS-participating employers

No pre-arranged employment agreements per State law and IRS Code

Same employer from which you retired

- One-year "cooling-off" period, or must waive benefits

Different OPERS employer

- One month waiting period, or your benefit will be canceled

Returning to Work with OPERS

Pay contributions

Earn service credit

- Benefit increases every full year of service worked

Decide to continue or waive benefits

- Post-Retirement Employment Election form
- Waiving benefits and working for three full years allows you to retire a second time
- Benefits will be subject to earnings limits

Earning Limitations

Benefit subject to Social Security earnings limitation

When you approach earnings limit:

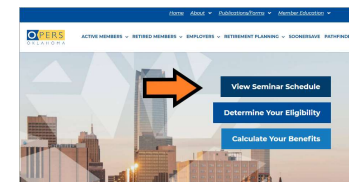
- Status of Post-Retirement Employment form
- Choose to continue or terminate employment

Social Security Administration (SSA) Earnings Limits

Will not reach SSA Full Retirement Age in 2025	Up to the point you reach SSA Full Retirement Age in 2025	Once you reach the SSA Full Retirement Age
\$23,400	\$62,160	No Limit

Pre-Retirement Seminar

- For members within two years of retirement eligibility
- Register online or call OPERS
- Schedule is available on the OPERS website
- Webinars and Seminars available at 9:30 a.m. or 1:00 p.m.



opers.ok.gov/opers-seminar

Thank You!

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