



PROTECT AND SERVE

Winter 2013

A publication of the Oklahoma Police Pension and Retirement System

Letter from the Executive Director

Steven K. Snyder

The Board of Trustees

Tom Custer
District 1

Craig Akard
District 2

Rick Smith
District 3

Jimmy Keesee
District 4

J. Ryan Perkins
District 5

Jeff Pierce
District 6

W. B. Smith
District 7

Tony Davenport
Oklahoma Municipal
League Appointee

Tim Foley
Speaker of the House
Appointee

Susan Knight
Senate President Pro
Tempore Appointee

Brandy Manek
Director of State
Finance Designee

Andy McPherson
Governor's Appointee

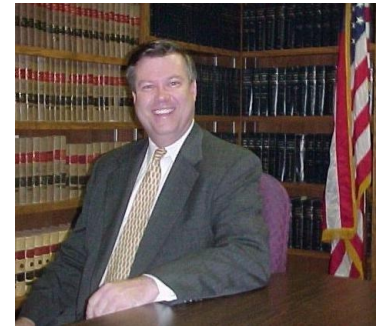
Frank Stone
Insurance Commissioner
Designee

Inside this Issue:

NCPERS	3
Seminar Information	5
ASAP-ACG	6
NIRS	7
2014 Meeting Dates	8
Unemployment Data	9
Consultant's Corner	10

Thankfulness

At this time of gift giving and gathering with family and friends we need to pause and reflect on how much we have to be thankful for... as a nation, as a state, and as a pension system. The national economy is slowly recovering from the worst economic downturn in the United States since the Great Depression. Unemployment has slowly dropped and is now at approximately 7% and consumer confidence is increasing. We can be thankful for the fact that we live in the greatest nation on earth. Thankful for a nation in which most others on the earth aspire to reside. Thankful for a nation where, despite our political squabbles, each person has a right to cast their vote in free elections. Thankful for a nation where we can reflect and pray in our own way to whatever deity we worship. Thankful for a nation in which we can express our opinion in a free and open society. Thankful for a nation in which our military men and women serve our country in far off lands as a symbol of the democratic and freedom loving principles of the United States.



We also should be thankful that we live in a state that is plentiful in natural resources. Thankful that whenever one travels outside of Oklahoma, the main comments for others are the kindness, goodness and resolve of the Oklahoma people. Thankful that this state has not suffered, like other states, the economic devastations that the past 5 years has wreaked upon our country. Thankful for the quality of life that we share as a state.



Finally, we should be thankful for the service that the members of the Oklahoma Police Pension and Retirement System perform each and every day... those who protect and serve our cities and towns and who are in harms way each day. We should be thankful that the Oklahoma Police Pension and Retirement System is strong and financially sound in order that we may provide a secure retirement to those who have dedicated their lives to protect the citizens of Oklahoma. We should be thankful that we have the best funded and strongest public pension system in Oklahoma... one that is about 90% funded currently and is projected to be almost 95% funded in 2015. Lastly, I am personally thankful that I have had the opportunity to serve with our outstanding Board of Trustees as well as an exemplary staff. We are all here to serve you and your families and are thankful for that opportunity.

In the past 5 years we have been through a number of trials and tribulations, as a nation , as a state, as a pension system and as a people. However, through all of these trying times, we have continued to strive to be better, as a nation, as a state, as a pension system, and as a people. For that, we should be, and I am, most thankful.

On behalf of myself and the staff of the Oklahoma Police Pension and Retirement System, I wish you a Joyous Holiday Season and a Happy New Year.

Reminder to all members

- Vesting is NOT automatic, in order to elect a vested benefit, the applicant must submit the Application for Vested Benefit. (Form 108)
- Any retiree or beneficiary wishing to add, change, or terminate an insurance premium deduction must submit a Health Election Change. (Form 135)

Forms are available on our website, and will also be provided upon request.

www.opprs.ok.gov



National Conference on

Public Employee Retirement Systems*The Voice for Public Pensions*

**NCPERS 2013 Survey: Public Pension Plans Report Increasing Confidence,
Lower Costs, Growing Returns**
For First Time, Annual Survey Includes Non-NCPERS Plans

Washington, DC – Public pension plan administrators are increasingly confident about the sustainability of their funds and their readiness to address future retirement issues, according to a new survey by the National Conference on Public Employee Retirement Systems (NCPERS).

The 2013 NCPERS Public Retirement System Study also shows continuing financial strength for public funds, with continuing improvement in long-term investment returns.

“Once again, our annual survey provides convincing evidence that the vast majority of public pension plans are financially sound, well-funded and sustainable for the long term,” said NCPERS Executive Director and Counsel Hank Kim, Esq. “It also demonstrates that defined benefit public pension plans are the least costly way to ensure retirement security for American workers.”

Partnering with Cobalt Community Research, NCPERS collected and analyzed the most current data available on funds’ fiscal conditions and steps they are taking to ensure fiscal and operational integrity. NCPERS surveyed 241 state and local government pension funds with more than 12.4 million active and retired members and with assets exceeding \$1.4 trillion. The majority – 82 percent – were local pension funds, while 18 percent were state pension funds.

For the first time, NCPERS’ annual survey included public pension funds that are not members of NCPERS. More than one-third of the responding plans – 39 percent – do not belong to NCPERS.

The major findings of the 2013 NCPERS Public Retirement System Study include:

- Despite a still-sluggish economy and volatile markets, confidence continues to grow among public pension plan administrators about their ability to address future retirement trends and issues. Respondents provided an overall confidence rating of 7.8 on a 10-point scale, up slightly from 7.7 in 2012.

Happy Holidays
from
Oklahoma Police Pension & Retirement Board
&
Oklahoma Police Pension & Retirement Staff



- Despite market declines in recent years, plans' returns on long-term investments continue to rise. Returns on three-year investments were 10 percent, up from four percent in 2012; returns on 10-year investments were seven percent, up from five percent in 2012, and returns on 20-year investments remained essentially steady, at 8 percent this year compared to 9 percent in 2012.

- The overall average expense to administer public pension plans and to pay investment manager fees decreased significantly – from the 2012 level of 73.1 basis points to 57.3 basis points (100 basis points equals one percentage point).

“According to the Investment Company Institute, the expenses for most equity and hybrid mutual funds average 77 basis points,” Kim said. “Funds with lower expenses provide a higher level of benefits to members and, as a consequence, produce a higher economic impact for the communities they live in than most mutual funds.”

- Public pension plans continued to adopt systemic and operational reforms to ensure plan sustainability – including lowering the actuarial assumed rate of return, raising benefit age and service requirements, tightening retiree return to work rules, shortening amortization periods and lowering the number of employees receiving health care benefits.

- Overall, funds reported domestic equity exposure at 35 percent, down slightly from 36 percent in 2012. International equity exposure remained steady at 17 percent. Over the next two years, funds plan to reduce domestic equity slightly and increase allocations to international equity, domestic fixed income, private equity and hedge fund investments.

- The average funded level of all responding public pension plans was 70.5 percent. Among NCPERS member plans, the average funded level was 71.5 percent, which is lower than the 74.9 percent figure in 2012. The average funded level for non-NCPERS plans was 69 percent. The two most significant reasons for the decline were lowering the actuarial assumed rate of return and market volatility

"This modest decline in funding comes as no surprise, as funds continue to smooth in the 2008-2009 down market," said Cobalt's William SaintAmour. "And many funds have also reduced their long-term investment assumptions, which will cause a modest drop in average funding figures."

“The data we collected – the most current data available – shows public pension funds are continuing their strong recovery from the historic market downturn of 2008-2009,” said Hank Kim, Esq., NCPERS’ Executive Director and Counsel. “The survey shows public pensions are managing their assets efficiently and effectively, making plan design changes to ensure sustainability, continuing to implement sound operational controls and are expressing strong and growing confidence about their readiness to address the challenges ahead.”

“Ours is the most comprehensive survey of public pension plans, using the most current data,” Kim said.

“What it tells us is that despite the hyperbole of some high-profile politicians, public pension plans are not in crisis. To the contrary – they are alive and thriving, more than adequately funded, inexpensive to operate and sustainable for the long-term. Policymakers, taxpayers and public employees can have confidence that public pension plans will be providing retirement security for covered workers – and thus making positive economic contributions to the communities they live in – for many years to come.”

OPPRS Now Offering Pre-Retirement Seminars

We are pleased to announce that the OPPRS will soon be offering periodic pre-retirement seminars. Our first seminar is scheduled for February 13th, 2014 at the Mid-Del Technology Center in Midwest City. We plan on offering two sessions of the seminar, one from 10:00 AM to 12:00 PM, and the other from 2:00 PM to 4:00 PM. These seminars will be available to all active members of the OPPRS, but new members and those that are considering retirement are especially encouraged to attend. Seating will be limited for each seminar, so members that wish to attend will need to contact the OPPRS to register for a specific session. To view the dates and locations of future seminar offerings, please visit our website at www.opprs.ok.gov.

Topics discussed during the retirement seminars will include, but are not limited to:

- Available service credit purchases
- Divorce implications
- Overview of retirement process, including benefit options, comparisons, timing, etc.
- How to estimate benefits online
- Beneficiary and death benefit information
- Qualified insurance premium deductions
- SSA Windfall Elimination Provision
- Oklahoma state income tax exclusion
- C.O.L.A. legislation
- C.L.E.E.T. retirement verification
- Post-retirement employment

"This class has been accredited by the Council on Law Enforcement Education and Training for 2 hours of mandatory continuing education credit. Regarding any law enforcement concepts, practices, methods, techniques, products, or devices as might be taught, promoted, or otherwise espoused in outside schools or seminars, there is no intent, expressed or implied, that 'accreditation' indicates or in any way conveys 'CLEET approval' of such concepts, practices, methods, techniques, products, or devices, unless such approval is explicitly stated by CLEET."

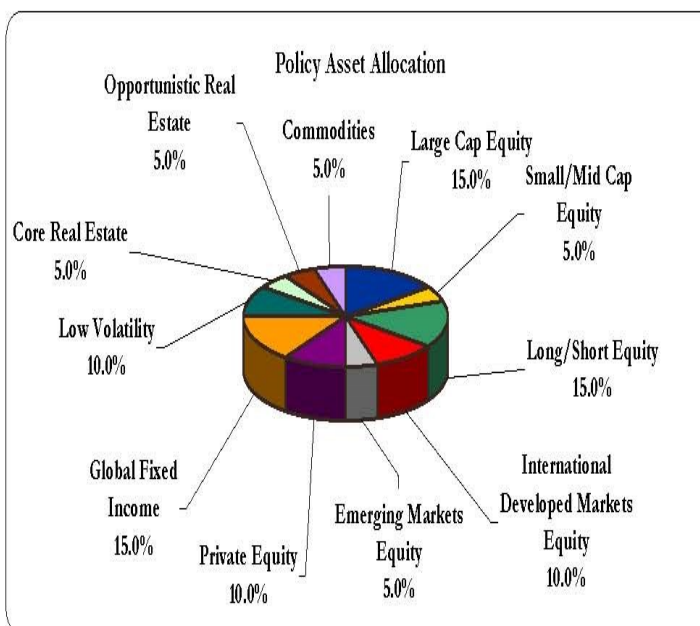
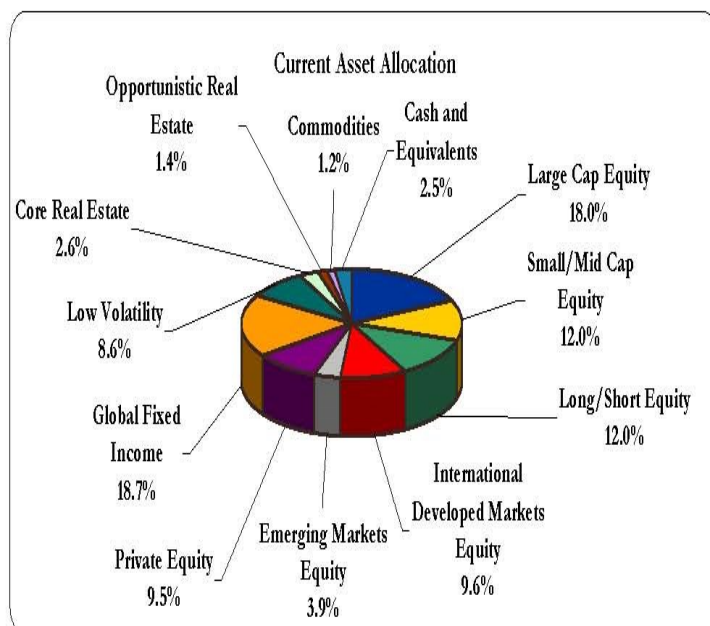


Qualified Insurance Premium Deductions

As many retirees are nearing their annual enrollment option period for insurance, the OPPRS would like to take this opportunity to remind our members that unless you are making a change to your current deductions (such as adding, terminating, or switching) you do not need to submit a Health Election/Change Form (Form 135). Please note that the OPPRS does not administer or offer any type of insurance. If you have questions regarding insurance coverage or billing cycles, please contact your insurance provider.

Oklahoma Police Pension & Retirement System

Periods Ending October 31, 2013



	Market Values (000s)	% of Total Portfolio
Total Portfolio	\$2,091,711	100.0 %
Total Portfolio Net of Fees <i>Policy Index</i> ¹		
Equity Composite <i>MSCI ACWI</i>	\$1,359,939	65.0 %
Fixed Income Composite ² <i>Barclays Capital Universal</i>	\$571,481	27.3 %
Real Assets Composite	\$108,638	5.2 %
OK Invest	\$36,527	1.7 %
Cash	\$15,384	0.7 %
Securities Lending Liability	(\$258)	

	Market Values (000s)	% of Total Portfolio	One Month	June 30 FYTD	YTD	One Year	Three Years	Five Years	Ten Years
Total Portfolio	\$2,091,711	100.0 %	2.45 %	6.80 %	12.95 %	15.16 %	9.56 %	10.34 %	7.23 %
Total Portfolio Net of Fees <i>Policy Index</i> ¹			2.41 %	6.69 %	12.68 %	14.84 %	9.23 %	10.07 %	6.98 %
			2.92 %	8.68 %	12.75 %	15.64 %	11.30 %	12.00 %	6.85 %

¹ Total includes \$591,993 for cash and illiquid securities in terminated account with Overseas CAP Partners.

² The Policy Index is comprised of the following indices: 65% MSCI ACWI, 30% Barclays Capital Universal and 5% NFI ODCE (net) as of August 1, 2012. From November 1, 2007 to July 31, 2012 the Policy Index was comprised of 55% Russell 3000, 10% MSCI EAFE, 30% Barclays Capital Universal, and 5% NFI ODCE (net). From June 1, 2007 to October 31, 2007 the Policy Index was comprised of the following indices: 55% Russell 3000, 35% Barclays Capital Universal, and 10% MSCI EAFE. Prior to that the Policy Index was comprised of the following indices: 55% Russell 3000, 35% Barclays Capital Aggregate, and 10%



**NATIONAL INSTITUTE ON
Retirement Security**

Reliable Research. Sensible Solutions.

RETIREMENT PROGRAMS IN AUSTRALIA, CANADA, AND THE NETHERLANDS OUTSHINE U.S., NEW RESEARCH FINDS

Three Nations Offer Lessons for Providing High Quality Retirement Plans with Income Adequacy, Financial Sustainability, and Risk Sharing

WASHINGTON, D.C., AUGUST 30, 2013 - While the U.S. faces a retirement crisis, other countries have implemented programs that provide a better level of economic security in retirement. As compared to the U.S., Australia, Canada and the Netherlands provide higher retirement income for more of their citizens through their social security and universal/quasi-universal employer retirement plans.

These findings are contained in a new research brief entitled, *Lessons for Private Sector Retirement Security from Australia, Canada, and the Netherlands*. The paper is authored by John A. Turner, PhD, director of the Pension Policy Center and Nari Rhee, PhD, manager of research for the National Institute on Retirement Security.

"Americans are struggling to save for retirement. The typical family has only a few thousand dollars saved and the U.S. retirement savings deficit is somewhere between \$6 and \$14 trillion. Yet, other advanced countries are doing a far better job of enabling older populations to have economic security in retirement," said Nari Rhee, NIRS manager of research and report co-author.

"Our research suggests that U.S. policymakers are wise to look at successes in Canada, Australia and the Netherlands to help get our retirement system back on track. While each country is unique, it's clear that universal coverage and risk sharing are essential success factors in the three countries we studied. In sharp contrast, the U.S. system for private sector employees has low rates of retirement plan coverage. Furthermore, the large-scale shift from pensions to 401(k) accounts has shifted almost all of the funding, investment, and longevity risks to employees. So it's not surprising that the U.S. lags behind other advanced nations, and that we have pronounced retirement insecurity for a majority of the U.S. workforce," Rhee said.

The paper finds that while the level of risk borne by employees varies across the three countries' retirement income systems, risks are pooled among workers or offset by employers and government to a greater extent than in the U.S. In none of these three countries does the average worker individually bear all of the risks related to saving and investing to produce a level of retirement plan income that, combined with social security, provides a basic standard of living. The research also finds that:

- All three countries provide relatively higher retirement income for low- and middle-wage workers through their social security and universal/quasi-universal employer plans combined than does the U.S. In Australia and the Netherlands, universal or quasi-universal employer-sponsored programs provide a substantial supplement to social security income.
- Australia's universal workplace retirement system, the Superannuation Guarantee, is a DC system in which workers bear investment risk individually. However, the success of the system is based largely on nearly universal coverage and high mandatory employer contributions, which are now a gross 9 percent of pay and will rise incrementally to a gross 12 percent of pay in 2019.
- The Netherlands' pension-centered system, funded primarily by employers, is the centerpiece of a national retirement income system that provides some of the highest income replacement rates among wealthy nations. Employers are shifting market and longevity risks toward employees through the increased use of hybrid plans, but employees bear those risks as a group and intergenerationally, not as individuals.



**NATIONAL INSTITUTE ON
Retirement Security**

Reliable Research. Sensible Solutions.

- While Canada has a voluntary, pension-centered employer-sponsored retirement benefit system with lower coverage than the Australian and Dutch systems, it has a highly progressive, two-part social security system that replaces over 70 percent of lifetime average wage-indexed earnings for low-income workers and about 50 percent for median-income workers.

The experiences of these countries in designing and adjusting their retirement systems provides potential lessons for U.S. policymakers for improving private sector retirement security:

- Australia, after reviewing problems with its decentralized Superannuation Guarantee system, is carefully setting standards for default funds, fee disclosure, and financial advice.
- The Netherlands has developed innovative hybrid workplace retirement plans, called Collective Defined Contribution Plans, which are DC plans from the perspective of employers, but are hybrid DB plans from the perspective of employees.

In Canada and the Netherlands, employee contributions to DB plans, not just DC plans, are tax deductible. This may be a factor in the relative strength of DB plans in those countries.

2014 Oklahoma Police Pension & Retirement Board Meeting Dates

January 15, 2014

February 19, 2014

March 19, 2014

April 16, 2014

May 21, 2014

June 18, 2014

July 16, 2014

August 20, 2014

September 17, 2014

October 15, 2014

November 19, 2014

December 17, 2014

Bureau of Labor Statistics

Unemployment Data

Measure	Not seasonally adjusted			Seasonally adjusted					
	Nov. 2012	Oct. 2013	Nov. 2013	Nov. 2012	July 2013	Aug 2013	Sept. 2013	Oct. 2013	Nov. 2013
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	4.2	3.7	3.7	4.3	3.9	3.8	3.8	3.8	3.8
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.9	3.6	3.5	4.1	3.8	3.8	3.8	4.0	3.7
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	7.4	7.0	6.6	7.8	7.4	7.3	7.2	7.3	7.0
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	7.9	7.4	7.1	8.3	8.0	7.8	7.7	7.8	7.5
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force	8.8	8.3	7.9	9.2	8.8	8.7	8.6	8.6	8.3
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force	13.9	13.2	12.7	14.4	14.0	13.7	13.6	13.8	13.2

NOTE: Persons marginally attached to the labor force are those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the past 12 months. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for work. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule. Updated population controls are introduced annually with the release of January data.

Source: US Department of Labor, Bureau of Labor Statistics

<http://www.bls.gov/news.release/empsit.t15.htm>

1099's will be mailed in January

**Remember to keep us updated with your
current mailing address!!!!**

**Forms available on our website:
www.opprs.ok.gov or by calling our
office at (405) 840-3555.**





ASSET CONSULTING GROUP

Consultant's Corner**Matching Your Investment Strategy To Your Needs**

A common mistake investors make is allowing short term experiences in the investment markets to unduly influence their overall investment strategy. For example, on the heels of the drastic stock market decline in 2008, many investors responded to the sudden downturn by selling stocks and locking in what were previously “paper” losses, only to see markets later recover all of those losses and then some. In contrast, the stock market’s rise in recent periods has caused many to buy additional stock with the expectation that markets will keep going up.

A key tenet to successful investing is synchronizing the investment strategy to the investor’s needs. Needs may be short term or long term in nature, may require a certain level of income, or may be tied to certain risk thresholds. If the chosen investment strategy is not aligned with those given needs, a mismatch can occur, which lessens the likelihood of meeting stated investment objectives. Investing too heavily in stocks when trying to meet near term tuition payments, or investing in short term cash instruments when funding a retirement account are examples of such a mismatch.

Investors should consider:

- Time horizon
- Income needs
- Risk tolerance
- Other investments / assets
- Taxes
- Their unique considerations / circumstances

Working with a qualified advisor will help to identify the investor’s unique needs and establish concrete investment objectives. This enables the investor, with help from his/her advisor, to structure an investment strategy that is compatible with those objectives, increasing the probability of achieving a successful investment program.

Summary of Membership Data

Active Paid Members	4,467
Members with Deferred Benefits	118
Retired Members	2,441
Beneficiaries	659
Disabled Members	139
Refund Due to Members	729
Deferred Option Plan Members	27
<i>TOTAL</i>	8,580

Active Members Average Service: 12.1 years

Active Members Average Age: 39.8 years

Retirees/Beneficiaries/Disabled Members Average Annual Benefit: \$29,416

Accrued Accounts Payable for Deferred Option Plan Members: \$7.7 million

<u>Investment Medium/Style</u>	<u>Target Percentages Of Total Assets</u>	<u>Allocation Range</u>
<u>Fixed Income</u>	25%	15% - 35%
*Global Fixed Income	15%	10% - 20%
Low Volatility Hedge Funds	10%	5% - 15%
<u>Equities</u>	60%	50% - 70%
Large Cap	15%	10% - 20%
Small/Mid Cap	5%	0% - 10%
International Developed	10%	5%-15%
Emerging Markets	5%	0% - 10%
Long/Short Equity	15%	10% - 20%
Private Equity	10%	5% - 15%
<u>Real Assets</u>	15%	10% - 20%
Core Real Estate	5%	0% - 10%
Opportunistic Real Estate	5%	0% - 10%
Commodities	5%	0% - 10%

Questions about your Pension?

We are always available to answer any questions you may have about your pension.

Cities A-K & Oklahoma City

Leanette Rios - (405) 840-3555 ext 226

Cities L-Z

Angela McCullough - (405) 840-3555 ext 225



1001 NW 63rd Street, Suite 305
Oklahoma City, OK 73116-7335

REMINDER

Web Member Services does not list beneficiary
information because beneficiaries are
determined by statute

CONTACT OPPRS

Mailing Address:

Oklahoma Police Pension & Retirement System
1001 NW 63rd Street, Suite 305
Oklahoma City, OK 73116-7335

Local Phone: (405) 840-3555

Toll Free Phone: (800) 347-6552

Fax: (405) 840-8465

Website: www.opprs.ok.gov

This newsletter is for informational purposes only. Individual requirements and benefits may differ, depending on circumstances. Consult the plan provisions or OPPRS for detailed information.

This publication, printed by the Department of Central Services, Central Printing, is issued by the Oklahoma Police Pension and Retirement System as authorized by its Executive Director. Seven thousand nine hundred copies have been printed at a cost of \$3,432.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.