



OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

Fall 2019

A publication of the Oklahoma Police Pension and Retirement System

Letter from the Executive Director

Ginger Sigler

THE WINDS OF CHANGE

Hello everyone. I want to thank all of you that have requested to be added to my email list. I have enjoyed getting emails back from you. It always brightens my day.

We started the year off with a new Governor. Governor Stitt has adopted the motto of making Oklahoma a Top Ten State. I think we as Oklahomans embrace the desire to be a Top Ten State. I have done research on many of the other Pension Systems across the United States and I firmly believe that the Oklahoma Police Pension and Retirement System is a Top Ten Pension System. We are funded at 102.5%. I would put the staff here at the Police Pension up against any other. They are top notched and do a great job. The Police Pension Board strives to have each of your best interest at heart when they make the tough decisions about members, retirees, investments and other pension issues. The only area that we lag in is in granting Cost of Living Adjustments "COLA". Most pension systems that are fully funded and maintain that level over several years have a way to grant COLAS either annually or periodically. Personally I don't think an annual COLA is prudent for our system, but I truly believe we have a duty to our retirees to keep their benefits up with the current Consumer Price Index.

Because the Police Pension System is so well funded, we have taken a very conservative approach on our investments. After lots of research and analysis, the Pension System has decided to make small changes to our investment allocations. We are taking steps to participate more in the upside of the market and still continue to have low levels of risk. These changes take time to implement, but we feel this is the right thing to do for the best interest of all the members.

I am sure many of you have read stories in various publications about many corporate giants closing their defined benefit plans. In this newsletter there is a short article about the benefits of a Defined Benefit plan that you participate in as a member of the Oklahoma Police Pension System. As a mother of two twenty's sons, I have encourage them to get a financial advisor now and set up Individual Retirement Accounts. The key to successful retirement security is to start early. Starting

Continued

The Board of Trustees

Chris Cook—Chairman
District 1

Robert Groseclose
District 2

Thomas Cooper
District 3

Jeff Russell
District 4

Ryan Woods
District 5

David Roberts—Vice Chair
District 6

Jeff Cealka
District 7

Mike Brown
Oklahoma Municipal
League Appointee

Tim Foley
Speaker of the House
Appointee

Chris Chandler
Senate President Pro
Tempore Appointee

Brandy Manek
Oklahoma Management
And Enterprise Services
Designee

Greg Wood
Governor's Appointee

Sandra LaVenue
Insurance Commissioner
Designee

Inside this Issue:

Actuary numbers	3
Finding your Legislator	5
Money Moves	6
Defined Benefit Plans	9
Common Law	10
Proposed Legislation	10

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

FALL 2019 NEWSLETTER

early is crucial to financial security in retirement. I know how hard it is to think about retirement when you are 25 and invincible. You are worrying about buying a house, and having children. These things are so important as well, but then you wake up and realize that you are 40 years old and haven't planned for retirement. If you have the savings amount automatically taken out of your paycheck on a regular basis, it makes it easier to continue it later on.

If anyone is getting close to retirement or just curious, please either go to your Member Direct Account which is located on our Homepage, or feel free to call our office and talk to either Leeandra or Angie. They are great at running calculations for you. I can even do it for you if we get in a bind!

Take Care and Be Safe!

STAFF

Ginger Sigler, Executive Director

Sean Ruark, Deputy Director

Deric Berousek, Chief Financial Officer

Ann Burrows, Comptroller

Darcie Gordon, Administrative Officer

Elizabeth Marshall, Accountant

Katie Luttrell, Pension Operations Administrator/IT

Leeandra Galutia, Pension Analyst

Angela McCullough, Senior Pension Analyst

Nancy Nethercutt, Customer Assistance Representative

Lauren Holmes, Administrative Assistant

2020 OKLAHOMA POLICE PENSION AND RETIREMENT BOARD MEETING DATES

January 15, 2020	May 20, 2020	September 16, 2020
February 19, 2020	June 17, 2020	October 21, 2020
March 11, 2020	July 15, 2020	November 18, 2020
April 15, 2020	August 19, 2020	December 16, 2020

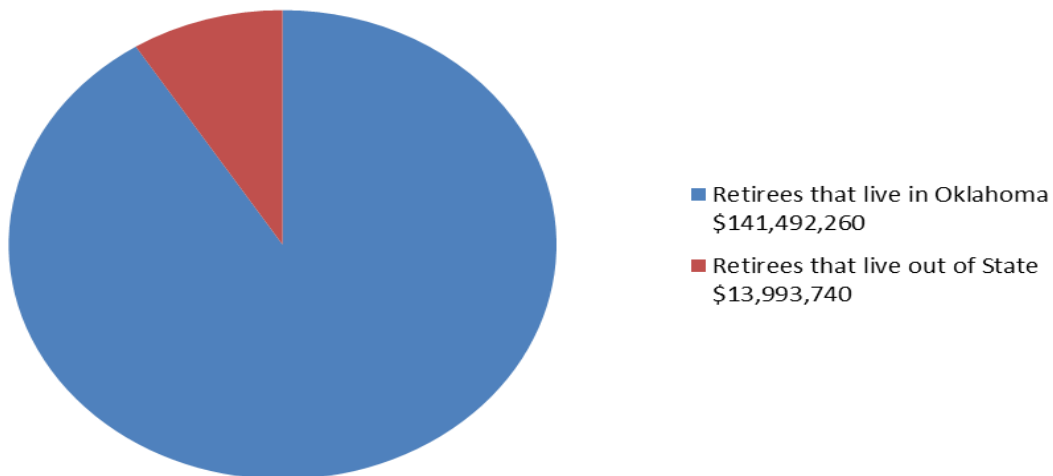
**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
MISCELLANEOUS STATISTICS
JUNE 30, 2019**

* * * * *

MEMBERSHIP AS OF JUNE 30, 2019:

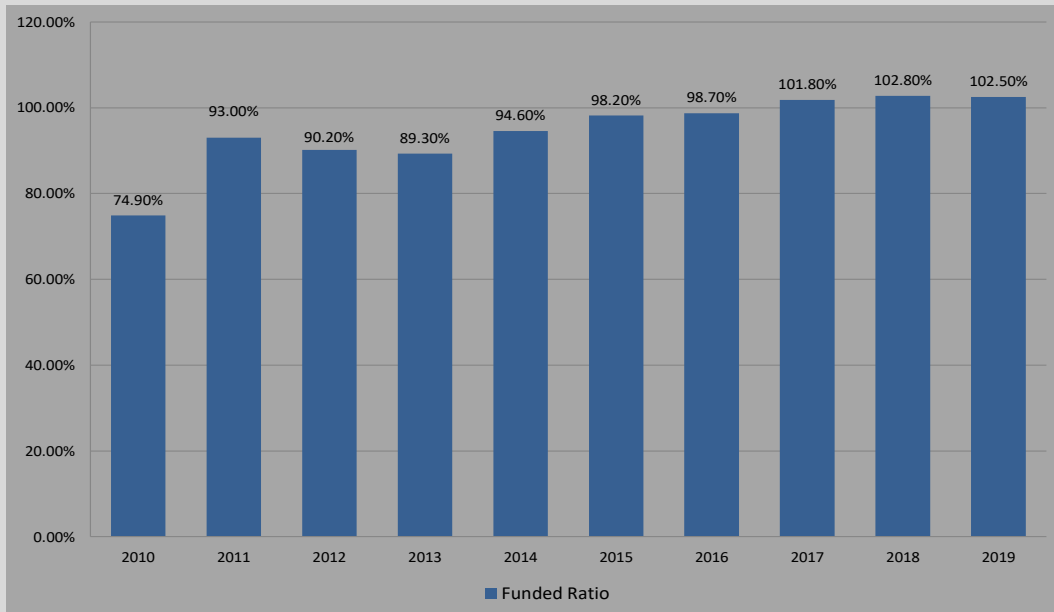
Member Cities and Towns	146
Active Participants	4,902
Inactive, Non-vested Participants	825
Deferred Option Members	4
Members & Beneficiaries Receiving Benefits	3,815
Vested Members, Terminated	158
Total Membership	9,704

TOTAL BENEFITS PAID IN FY 19 \$155,486,000



91% of Police Retirees Live in Oklahoma

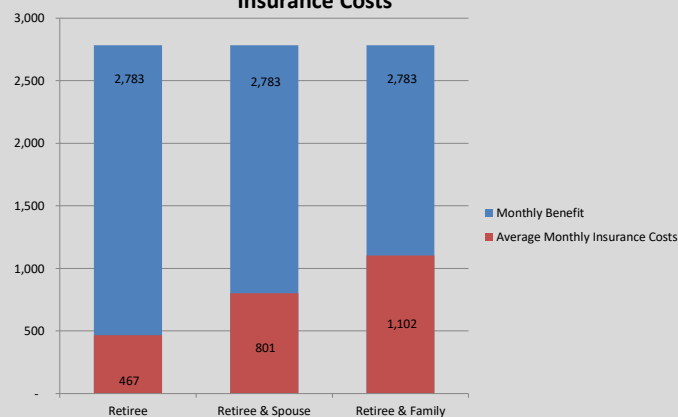
Funded Ratio (Actuarial)



Oklahoma Police Pension & Retirement System

4

OPPRS Retiree Average Monthly Benefit & Average Insurance Costs



As you can see insurance premiums can eat up 28% of your monthly benefit for a married retiree and

above, insurance premiums can eat up 28% of the benefit for a married retiree.

Oklahoma Police Pension & Retirement System

11


FINDING YOUR LEGISLATOR

Oklahoma State Legislature

[HOME](#) [LEGISLATORS](#) [LEGISLATION](#) [COMMITTEES](#) [CALENDARS](#) [VIDEO](#) [DIRECTORY](#)

House Video
Live on the House Floor

House
Meet the Speaker
House Members
House Committees
House Calendars
Publications



Senate Video
Live on the Senate Floor
Live in the Senate Committee Rooms

Senate
Meet the President Pro Tempore
Senate Members
Senate Committees
Senate Calendars

[Job Posting: Legislative Office of Fiscal Transparency \(LOFT\) Director](#)

The Second Regular Session of the 57th Legislature will convene on Monday, February 3rd, 2020.

Find Legislation
Enter Bill #

Search Oklahoma Statutes
Enter Search Text

Track Bills
Receive Email Updates
Log In or Create Account

Meeting Notices
House Meetings
Senate Meetings

Find My Legislator
Address 1: Required
Address 2: Optional
City: Required
Zip Code: Required

Address: 2300 N Lincoln Blvd., State Capitol Building, Oklahoma City, OK 73105

If you are interested in locating who your Legislator is, you can go to the Oklahoma State Legislature page at www.oklegislature.gov. At the bottom lower left of the page, you will see Find My Legislator. If you put in your address, it will give you your National Legislators and your State Legislators. This is a pretty handy tool to use.

11 Money Moves You Need to Make in Your 60s — and Beyond

In retirement, you need to safeguard your nest egg while growing it enough to beat inflation. Here's how to do it.

Investing in your 60s is a time of transition. No longer are you focused on growing your retirement funds. Now, it's time to crack into that nest egg.

So, you need to change your investment strategy. The idea is to withdraw enough to help you get by while holding enough in reserve to finance the rest of your life.

Here are 11 pointers:

1. Estimate how long your savings must last

You can't plan effectively without an idea of how long your money should last.

Of course you can't know how long you'll live, so we're talking about estimating the longest you might live, so you won't run out of money too soon.

A 65-year-old woman can expect to live to nearly 87, and a man who is that age can anticipate living until 84, says the Social Security Administration, whose Life Expectancy Calculator gives a rough idea of expected lifespans. Of course these are estimates.

2. Calculate annual expenses

To plan your finances in retirement, you'll need specific spending data, not estimates. If you budget and have tracked your spending, you've got the data you need. If not, start now.

There are various tools online that will help you track your expenses. Many of these tools can be accessed online and are free to use. But a notebook or spreadsheet also will do — as long as you keep it up.

After tracking for a few months, you'll begin to see where your money's going and can decide how much to withdraw from investments.

3. Fully fund emergency savings

Keeping a cushion of savings in cash or short-term CDs lets you ride out market downturns without selling stocks at low valuations. Some experts advise having a big enough emergency fund to support yourself for 18 months to two years.

4. Plan your withdrawals

Retirees need a system for regular cash withdrawals. For example, one popular system suggests withdrawing 4% of your initial savings balance each year, then adjusting that amount annually for inflation.

The 4% rule is not ironclad, but it does provide a framework. The key is to adopt a system, then adjust it as necessary.

5. Seek safety

How much you keep in CDs, bonds and high-yield savings accounts depends somewhat on how much safety you require. Intelligent risk is necessary with part of your investments if you don't want inflation to erode your portfolio's value.

Many retirees follow this rule of thumb (called the "glide-path" rule):

- Subtract your age from 100. The resulting number is the percentage of your investments you should hold in stocks.
- Invest the remaining amount in bonds and money market funds.

If you're 70, for example, keep 30% of your portfolio in stocks — including mutual funds and ETFs — and the remaining 70% in bonds.

Does this rule provide enough growth to keep a portfolio going strong? Experts disagree.

6. Don't neglect growth

The other end of the retirement seesaw is the need to grow your nest egg, at least a little.

Unless you have so much money that you don't need to worry about inflation, you'll need some growth investments. Usually, that means individual stocks, mutual funds and/or ETFs.

7. Plan for required minimum distributions

After age 70 ½, the Internal Revenue Service requires savers to begin taking minimum annual withdrawals from some tax-deferred accounts, such as traditional IRAs and 401(k)s.

These minimum withdrawal amounts are calculated by the IRS based on life expectancy and account balances. The IRS rules are specific and inflexible about how much to withdraw and when. Ignore them, and you could face stiff IRS penalties.

8. Keep a lid on spending

Financial discipline is crucial if you don't want to outlive your money. Take an unsentimental look at your spending, decide how much to withdraw annually from savings and investments, and stick to that plan through bad times and good.

9. Get help now and then

When you manage your own money, it's a good idea to pay an expert for an independent review at least occasionally.

So, consider hiring a Certified Financial Planner who works on a flat hourly rate to review your retirement plan, income and expenses. Even though it might cost you a little in the near term, we are talking about your retirement for the rest of your life.

10. Rebalance your portfolio

You've decided what proportion of your investments to allocate to various types of investments, but over time your investments perform differently, throwing off your original allocation.

So, every so often — many experts suggest once a year — you'll need to adjust, or "rebalance," your portfolio to restore it to your original allocation choices.

11. Consider other sources of income

Stocks and bonds are not your only investment choices in retirement. Two other possibilities are longevity insurance and annuities.

Longevity insurance starts payouts when you reach a specified age. You might pay \$50,000 for a policy at 60, and start receiving payouts of \$15,000 or more annually at 80, for example.

QUICK TAX TIP!

The Oklahoma Police Pension and Retirement System monthly benefit is a State of Oklahoma Government benefit. Because it is an Oklahoma Government Plan, you are allowed to deduct up to \$10,000 from your taxable Oklahoma Police Pension Benefit on your State Income Tax. A few of you have prepared your taxes as if your monthly benefit was a Civil Service retirement. A Civil Service Retirement has different tax benefits attached to it. Please note this when preparing your taxes in the future. It will save you a lot of confusion.

THE IMPORTANCE OF A DEFINED BENEFIT PLAN

I am sure you have all read something from Police Pension about why a Defined Benefit Plan “DB” is so much better than a Defined Contribution Plan, “DC”. A DB plan is a guaranteed monthly benefit based on your final average salary, the number of years you work and a benefit multiplier which in the Oklahoma Police Pension is 2.5%. In a DB plan, the plan administrators invest the money in balanced and diverse investments. If the plan does not have positive investment returns, the participants still receive the same amount of monthly benefit regardless. A DC plan is basically the same thing as a 401K account. There are no guarantees that there will be enough money in your account to take monthly withdrawals. In a DC plan you accumulate money that you invest into it and any earnings you might make on those monies. The average person does not have adequate knowledge in the various types of investments that a DC plan would allow them to invest in. Wrong investment decisions in a DC plan could be costly to your retirement. The table below shows just how valuable a DB plan is. The average monthly benefit of an Oklahoma Police Retiree is \$2,783 a month. To receive a monthly pension of \$2,783 you would have to have accumulated between \$500,000 and \$600,000 to maintain that amount. To accumulate \$500,000 in a 401K takes knowledge and persistence from the person. Many people would be able to make the necessary contributions to achieve that goal. But many others wouldn't. The Oklahoma Police Pension members are lucky they don't have to make those decisions with their retirement. But even with the average DB benefit being \$2,783 a month, that usually isn't enough to live on in retirement. That is why we strongly urge all of you who have access to an additional DC/401K plan through your municipality to take full advantage of it to supplement your Oklahoma Police Pension.

Monthly withdrawals from a DC/401K account at the various interest rates

AMOUNT SAVED:	5% MONTHLY	6% MONTHLY	7% MONTHLY
\$100,000.00	\$416.67	\$500.00	\$583.33
\$200,000.00	\$833.33	\$1,000.00	\$1,166.67
\$300,000.00	\$1,250.00	\$1,500.00	\$1,750.00
\$400,000.00	\$1,666.67	\$2,000.00	\$2,333.33
\$500,000.00	\$2,083.33	\$2,500.00	\$2,916.67
\$600,000.00	\$2,500.00	\$3,000.00	\$3,500.00
\$700,000.00	\$2,916.67	\$3,500.00	\$4,083.33
\$800,000.00	\$3,333.33	\$4,000.00	\$4,666.67
\$900,000.00	\$3,750.00	\$4,500.00	\$5,250.00
\$1,000,000.00	\$4,166.67	\$5,000.00	\$5,833.33

COMMON LAW MARRIAGES

The rules of the Oklahoma Police Pension address the issue of Common Law Marriage. Oklahoma Rule 550:1-5-7 defines Common Law Beneficiary Requirements. The applicant asserting a common law marriage must prove by clear and convincing evidence of the following elements:

1. An actual mutual agreement between the spouses to be husband and wife ;
2. A permanent relationship;
3. An exclusive relationship, proved by cohabitation as husband and wife; and
4. The parties to the marriage must hold themselves out publicly as husband and wife.

Accepted documentation to be used as evidence of the existence of a common law marriage shall be: **joint tax returns; joint bank account titled as husband and wife; real property deeds titled as husband and wife; and/or titles to vehicles and machinery held as husband and wife.** Each case is looked at individually by the Board to determine the validity of the "marriage". To ensure your "spouse" will get your monthly benefit up on your passing, you must have been married for a continuous 30 months immediately preceding the member's death.

Proposed Social Security Legislation

We have talked a lot in the past about the Windfall Elimination Provision "WEP" that affects some retired Oklahoma Police Officers. If your municipality does not pay social security on your salary from being a Police Officer, it affects you. This provision offsets part of your social security benefits because of your Oklahoma Government Pension. We have consistently asked the Federal Legislature to change these laws. Retired Police Officers should not have their social security benefits reduced. This year Representative Kevin Brady from Texas and Representative Richard Neal from Massachusetts have written amendments to give people affected by WEP to get a rebate that will be added to their monthly social security benefit. Rep. Brady is proposing a \$100 monthly rebate and Rep. Neal is proposing a monthly \$150 rebate. Of course these are just proposals, but we will be watching them very closely and keeping you up to date.



Important General Tidbits!!!**SAVE THE DATE FOR UPCOMING RETIREMENT
SEMINARS!!!****McALESTER NOVEMBER 7, 1 PM**FOR MORE DETAILS SEE OUR WEBSITE AT
WWW.OPPRS.OK.GOV

Follow us on



@OPPRS.ok.gov



@oklahoma_police_pension

Some of the Staff and Board Members of the Oklahoma Police Pension and Retirement System attended the State Pension Conference called "OPFTEC" in Tulsa September 25-27. This is a great way to network with other State Pension Systems and hear from Economists, Pension Experts, Actuaries and other speakers who help give us information as to what is going on in our state, nation and world. It was a fun and informative time. Below is a picture of some of the attendees from the Oklahoma Police Pension.



From Left to Right Mike Brown, Deric Berousek, Jeff Cealka, Julia Cealka, Chris Cook, Ginger Sigler, and Sandra LaVenue

OKLAHOMA POLICE PENSION
1001 NW 63RD STREET, STE 305
OKLAHOMA CITY, OK 73116

PLEASE KEEP YOUR ADDRESS CURRENT WITH US, WE
ARE HAVING LOTS OF RETURNED MAIL! WE WANT TO
KEEP YOU
UPDATED AND INFORMED. IT'S GETTING CLOSE TO
1099R TIME!

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. Nine thousand one hundred copies have been printed at a cost of 7,352.32. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.