



Spring 2020

A publication of the Oklahoma Police Pension and Retirement System

Letter from the Executive Director

Ginger Sigler

IT'S ELECTION TIME AGAIN????

As I am writing this letter, we are in the middle of a National Election for President and many of our National Congressmen and Women. It seems like the election cycle never ends. This year on November 3, 2020 we will be electing our President. It used to be once the election was over you got a couple of years of no campaign ads on the television or radio. Now as soon as the election is over, campaigning starts again. We live in a free country where our votes count. I was always told that if I didn't vote, I didn't have the right to criticize whomever won the position. As always, there are many state elections that will be going on as well. I get all giddy when candidates ring my doorbell to ask me for my vote. I never miss an opportunity to ask them what their views are on Public Safety Officers, Public Safety Retirees, Cost of Living Adjustments and of course consolidation of retirement systems. I catch many of them offguard because they probably have never thought about these issues. These races are extremely important to the Oklahoma Police Pension and Retirement System. The men and women we elect to our State Government are making law changes that directly affect us. Legislators have a hard job trying to keep up with all the different bills that are introduced. We need to make sure that we elect those who will fight to help keep our pension systems well funded but also grant a Cost of Living Adjustment "COLA" when it is appropriate. It has been 12 years since we have had a "COLA" and it is time to do so.

The Oklahoma Police Pension and Retirement Board is also in the middle of an election. Two of our Board Members are currently up for reelection. An election is quite the process. OPPRS is audited throughout the entire process to make sure that these elections are conducted fairly and impartially. The staff here does a great job making the process work. Our external auditors, Finley and Cook, have been overseeing the election process for many years. Electing board members is an integral part of what the OPPRS membership should be very vested in. These board members make the hard decisions that determine how well our system will be funded, how disabilities will be determined and what legislation needs to be changed to make us a better system. There are 7 positions elected by the membership. 6 of those positions are active members who represent their respective districts. The 7th elected position is a retired police officer. OPPRS has great board members who do what is right for the system. They have to have both the membership and the system's best interest in mind.

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

Antuanya "Bo" DeBose
Insurance Commissioner
Designee

Inside this Issue:

Benefits of a DB Plan	3
Social Security Update	5
Ready to Retire?	6
Security Litigation	8
10% Tax Penalty	9
Employee Spotlight	10

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

SPRING 2020 NEWSLETTER

These are not paid positions, so they are giving up their time to serve on the board.

As I am writing this message, our stock market is suffering one of its greatest losses due to the Coronavirus pandemic. We are watching this very closely, but I want to assure you that OPPRS has seen this before and we always bounce back. We have had several calls about Deferred Retirement Accounts or “DOP” accounts. DOP accounts are guaranteed the actuarial assumed interest rate, so you are guaranteed to earn the 7.5% rate. As the Director of OPPRS I am concerned for the assets of the Pension System. But I am more concerned for our active Police Officers who work with the public every day and our retired Police Officers and their families who might have weaker immune systems. I am not one to panic, but I also think we need to be responsible adults and take extra precautions. But most importantly, we need to think about our neighbors and the other retirees that you still communicate with. Please check on them and make sure they are alright. Now is the time that we should work together to take care of the OPPRS family.

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

Angela McCullough, Senior Pension Analyst

Leeandra Galutia, Pension Analyst

Nancy Nethercutt, Customer Assistance Representative

Lauren Holmes, Administrative Assistant

A Few Benefits of Participating in a Defined Benefit (DB) Pension Plan

With the stock market experiencing a return to volatility due to outside events, it's a great time to step back and consider the benefits of being in a defined benefit (DB) pension plan. As anyone with savings and investments outside OPPRS can attest, the market turmoil can be worrisome. It can cause us to second guess, make rash money moves, and sell low instead of high. Psychologically, we are happy when we are making money, but full of concern and doubt as the markets decline. This is understandable and represents typical human behavior, however, quick impulsive decisions don't always work out the way we would like. Fortunately, as a participant in OPPRS, you are part of a DB plan that pays you the same amount every month, regardless of the markets actions. DB plans such as OPPRS provide a lot of comfort and safety at such times. The following are just a few of the long-term benefits provided by a DB plan:

GUARANTEED INCOME

Members of OPPRS pay into the system over a public-safety career. These contributions, combined with employer contributions, are invested in a highly diversified portfolio. These contributions and earnings are accumulated into the system, and then at retirement each member is provided a monthly benefit based on salary and length of service. This is a lifetime benefit, and usually also includes a spouses lifetime as well should they outlive the member. A lifetime retirement income with no further action on the part of the member provides significant comfort and security, particularly during periods of high market volatility.

DIVERSIFICATION

OPPRS is a \$2.6 billion dollar pension plan that is fully funded. As such, OPPRS employs financial consultants and investment managers that allow OPPRS to tap investment and market opportunities that are generally unavailable to small investors without significant assets. While also holding traditional stocks and bonds, OPPRS is a large enough investor that it can also invest in hedge funds, private-equity funds, absolute return funds, and other types of investments that do not always move in step with the stock market, thus providing some protection during market declines.

LONGEVITY RISK

The fear of running out of money in retirement is referred to as "longevity risk" or "will I run out of money if I live too long". When an individual has a regular retirement account, such as an IRA or 401(k) type account, they alone (or hopefully with the assistance of a financial advisor) are responsible for its performance and outcome. This places a high priority on investing properly for the long-term, a difficult thing to do if you are not a financial professional. A DB plan such as OPPRS tries to maximize investment performance by hiring investment professionals to invest the system's assets over the very long-term. Thus there is no investment stress on the member, and since the income is for life, it will always be there, regardless of the age one achieves. Since OPPRS is designed to be a very long-lived plan, it has greater capacity than an individual to weather wide market fluctuations over time.

Membership in a defined benefit plan provides significant, lifelong benefits and peace of mind. Given the option, participation in a solidly funded DB plan goes a long way toward ensuring a secure retirement.

A REPLY FROM THE SOCIAL SECURITY ADMINISTRATION ABOUT WEP

We asked the Social Security Administration to give us an example of how WEP affected Government Employees who do not pay into social security on their public safety jobs. The following is their reply:

Many individuals whose spouse's or surviving spouse's benefits are affected by the Government Pension Offset (GPO) have earned sufficient coverage under Social Security to qualify for a retired worker's benefit on their own record.

Because they are receiving a pension based on non-covered employment, the Social Security worker's benefit they receive on their own record is most likely subject to the Windfall Elimination Provision (WEP) reduction.

If a person is subject to both the WEP and the GPO, the calculations/reductions are done in the following order:

1. The retired or disabled worker's benefit is computed under the WEP benefit formula.
2. The "potential" benefit as a spouse or surviving spouse is determined based on the other spouse's work record.
3. The dual-entitlement provision is applied; under this provision, the "potential" benefit as a spouse or surviving spouse is reduced by the amount of the person's own retirement or disability benefit.
4. The remaining benefit as a spouse or surviving spouse (if any) is subject to the GPO provision; under this provision, the spouse/surviving spouse benefit is reduced by two-thirds of the amount of the person's own pension from non-covered employment.

Example:

Consider a widow who is insured for Social Security benefits based on her own work and is entitled to a retirement benefit of \$300 on her own record and is entitled to a "potential" benefit of \$1,000 on her deceased husband's record. Assume she receives a government pension of \$600 from non-covered employment.

\$1,000 Potential widow's benefit

- 300 Retirement benefit

\$700 Remaining widow's benefit before GPO reduction

\$600 pension multiplied by .6666 equals \$400 (amount of offset)

\$700 Remaining widow's benefit before GPO reduction

- 400 GPO reduction

\$300 Widow's benefit payable

This person would receive a \$300 retired worker's benefit and a \$300 widow's benefit from Social Security, plus a \$600 pension, for a total of \$1,200. (continued next page)

(continued)

Whenever you work in a job that is covered by Social Security, your employer must deduct your Social Security and Medicare taxes from your salary and pay the equal employer's share of the taxes. Your earnings will be reported to Social Security every year just like any other worker's earnings.

If you are self-employed while getting benefits and your net profit from your business is more than \$400, that too, is covered by Social Security and Medicare. You must report those earnings and pay the Social Security and Medicare taxes when you file your personal income tax return for the year.

Earnings after retirement may help increase the amount of your benefits. Each year we review the records for all Social Security recipients who work and, if your latest year of earnings turns out to be one of your highest years, we refigure your benefit and pay you any increase due.

The Internal Revenue Service (IRS) is the authority on all tax matters, including the collection of Social Security taxes.

You can direct your questions to the IRS by any of the following methods:

- calling their toll-free telephone number,
1-800-829-1040; or
- calling or visiting any local IRS office;



10 SIGNS YOU MAY NOT BE FINANCIALLY READY TO RETIRE

Here are the BIG 10 questions you need to ask yourself when considering whether you can retire and be financially secure:

1. Do you have a budget set up for the income that you will be receiving in retirement?
2. Have you tried living on this budget?
3. Do you expect to live off of interest earned on your investments?
4. Have you talked about and looked at what your social security benefits will be, if any?
5. Do you know what your insurance premiums and expenses will be? Are you old enough to qualify for medicare?
6. Have you had detailed discussions with your spouse about the timing of your retirement?
7. Will your mortgage be paid off?
8. Will your credit cards be paid off?
9. Do you have or anticipate having any children or grandchildren living in your house after you retire?
10. Have you met with a financial planner?

These questions need to be addressed before serious discussions about retirement can start. Additionally, you need to be asking yourself;

Am I willing to work in retirement? Many people work in retirement to be able to afford their medical insurance premiums until they qualify for Medicare. Public Safety Officers, as a general rule, retire at an earlier age. Retiring earlier leaves a big gap between retirement and when Medicare goes into effect. As an active employee, most departments pick up a lot of the cost of insurance premiums. When you retire, most of the premiums fall on the retiree. In The Lifetime Medical Spending of Retirees report they anticipate that the normal retiree spends about \$122,000 on medical expenses from the age of 70 to the time they pass. That is an expense that most people never think about.

Has my spouse saved for retirement or do they have a retirement plan? This is very important to consider. If one of you does not have a retirement plan or savings, learning to live on one income can become a major problem. Now may be the time to start an Individual Retirement Account or "IRA". Not only does it offer you a possible tax break on your federal tax return, but it helps you save for your future.

What kind of life style do you envision for yourself? We all dream of traveling all over the

Disclaimer: The Oklahoma Police Pension System is not a tax advisor and does not give tax advice.

world or living in a tropical country. We dream of spoiling our grandchildren and taking them to magical places. Does your retirement income allow you to afford this?

Have you talked about who your beneficiaries are? Many people have divorced and remarried since they began working. Many have also started families. These life changes need to be updated with your with your employer. Along these same lines, do you know where your important papers are such as life insurance documents , DD 214's, marriage license or divorce decrees.

Do you have a will set up? A will can save your children and surviving spouse so much time and frustration if one is in place before your death. Why would you want to allow the state to dictate to your family how your estate is to be divided? A will sets this out so there are no questions on how things are distributed.

There are so many things to think about before retirement. If I could choose one to be the most important, I would say **FIND A FINANCIAL ADVISOR!** Many people feel that the cost of a financial advisor mitigates the benefits you get from them. This is the best money spent. They can set you on a path that will allow you to retire and enjoy your retirement. Most importantly, find an advisor early on. The earlier you start planning for retirement, the easier it will be.

THE DO'S

FOLLOW A FAMILY AND HOME BUDGET

KNOW YOUR INVESTMENTS AND RETIREMENT BENEFITS

PREPARE FOR RETIREMENT BY LOWERING YOUR DEBT

MAKE A PLAN TO PAY OFF CREDIT CARDS AND MORTGAGE

WORK TO HAVE AN EMERGENCY SAVINGS ACCOUNT

EXPECT THE UNEXPECTED!

The Benefits of Taking an Active Role in Securities Fraud Litigation

Oklahoma Police Pension and Retirement System “OPPRS” is responsible for protecting the fund’s assets. This includes not only making prudent investment decisions, but also protecting the fund’s investments by staying informed about the companies we invest in, and taking action when investment losses are due to corporate fraud or other wrongdoing. For example, if a company’s executives withhold material information from the market that causes the price of the company’s securities to trade at artificially high prices, when the truth about the company is revealed, there is usually a drop in the company’s stock’s price. This decline causes investment losses for investors (including OPPRS) who purchased the company’s securities at artificially inflated prices before the truth was revealed. In such situations, often the only way for OPPRS (or any investor) to recoup their losses is through securities fraud class action litigation.

Securities fraud class actions enable investors to sue companies and hold them accountable for losses that are incurred as a result of corporate fraud or wrongdoing. In a securities fraud class action, one or more investors are appointed “lead plaintiff” and are responsible for representing the interests of all investors who purchased a particular company’s securities during a specific time period. While individual investors can serve as lead plaintiffs, Congress has specifically held that institutional investors, such as OPPRS, are preferred lead plaintiffs because of the size of their holdings. Lead plaintiffs are responsible for overseeing the lawyers representing the class and thus, have the ability to drive the course of the litigation and contribute to a successful strategy.

There are many benefits to serving as a lead plaintiff in securities fraud class actions and OPPRS has served in this role in a number of cases. Importantly, there is no financial risk in serving as a lead plaintiff because the lawyers representing the class advance all costs and expenses and are only reimbursed if a recovery is obtained for the class. Being a lead plaintiff allows OPPRS to control the litigation and make key litigation decisions, including how damages and recoveries are allocated among investors at the end of the case – something that directly affects the recovery for OPPRS and its members.

Securities class action litigation is a valuable tool in protecting the overall integrity and fairness of the markets and OPPRS has proudly served as a lead plaintiff in a number of noteworthy securities class actions over the past several years that resulted in multi-million dollar settlements and recoveries for OPPRS and investors. For example, OPPRS served as a lead plaintiff in a class action against RCS Capital Corporation that resulted in a \$31 million settlement for investors. OPPRS also served as a lead plaintiff in a class action against TrueCar, Inc., which resulted in a \$28.3 million settlement for investors, as well as in a class action against Fifth Street Finance Corp., resulting in a \$14 million recovery for investors.

In short, securities class action litigation is an important tool for OPPRS in protecting the interests its members and we will continue to take active roles in litigation when appropriate to recover losses caused by corporate fraud or wrongdoing.

This article was written by Stephanie Biege, Michael Bigin, and Lisa Sriken attorneys at Bernstein Liebhard. Bernstein Liebhard is a security litigation firm which represents the Oklahoma Police Pension in these types of cases.

10% TAX PENALTY

A “qualified public safety employee” means an employee of the State or a political subdivision of the State whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision. As a qualified public safety employee you can receive distributions from the Oklahoma Police Pension and Retirement System without incurring a tax penalty as long as you are 50 years of age, (in the year you retire) or older. This allows you to receive your Deferred Option Plan money directly from OPPRS without the penalty. You must pay normal federal taxes and state taxes on distributions if you do not roll your money over to an Individual Retirement Account. However, a problem does arise when members choose to roll their money directly to an Individual Retirement Account or “IRA”. As a public safety employee over 50 you have the benefit of taking a distribution from OPPRS without the tax penalty. But when you roll it to an IRA, the normal tax laws go into affect. The tax laws for non public safety employees consider an early distribution to be before the member reaches the age of 59 1/2. So when you are choosing a financial adviser to roll your money to, make sure they know what your plans for that money is in the future. They can set your IRA up in a way that you might be able to take a distribution from it before you are 59 1/2 without the 10% tax penalty.

Some of you who are currently working will leave before you vest your time with OPPRS. If you leave before you vest, you will have the option to receive a refund of contributions. I see refunds every month that are for over \$10,000. If you do not rollover this amount you will receive a check for \$7,500. We will hold out \$2,000 for 20% federal taxes and 5% for Oklahoma state taxes. But when you file your taxes at the end of the year, you will be assessed another 10% tax penalty for early withdrawal. So in reality you could net as little as \$6,500 from your refund of \$10,000. However, the full \$10,000 could be rolled over to an IRA and be earning money for you to spend in retirement.



WHAT'S GOING ON AT THE PENSION OFFICE?

EMPLOYEE OF THE YEAR

Leeandra Galutia was voted the OPPRS employee of the year for 2019. This person is chosen by the staff of OPPRS. Leeandra has been with OPPRS for 5 years this April. She is a benefit analyst who is responsible for the cities beginning with the letters A-L and Oklahoma City. As an analyst, she is responsible for ensuring that we have the necessary paperwork to allow a member to retire. Leeandra is also the person you will talk to when you have questions about your account or request an estimate of benefits. Leeandra loves meeting members and helping them through the retirement process. Helping others is truly Leeandra's calling. Before coming to OPPRS, she worked for the Department of Human Services in the Adult Protective Service division as a Social Service Specialist. It was an easy transition to helping people with the retirement process.

Leeandra grew up in Oklahoma City and has lived here her entire life. She is married to Luke and has a son Cody and daughter Keragan. Leeandra is Kiowa Indian and loves her Indian Heritage. Her children have intensified her love for it because they are both proud Kiowa and are immersed in their heritage. Cody is a Kiowa Indian dancer.

Leeandra enjoys going to Pow Wows and she loves reading or listening to Audio Books. She is an avid fan of Jane Austen and she is also very fond of J.D. Robb (aka Nora Roberts). As our office staff will tell you, she regularly listens to podcasts. We are always fascinated by what she has recently listened to.

We enjoy working with Leeandra. She is the worker who wants to get the job done and wants everyone and everything to work smoothly. She always has a smile on her face and usually says something to put a smile on our face. I am sure if you have talked with her, she has put one on your face as well.



Important General Tidbits!!!

ACTIVE MEMBERS STATEMENTS
ARE NOW
AVAILABLE UPON REQUEST OR
ON YOUR MEMBER DIRECT ACCOUNT
WHICH YOU CAN ACCESS ONLINE.
THROUGH OUR WEBPAGE

Follow us on



@OPPRS.ok.gov



@oklahoma_police_pension



OKLAHOMA POLICE PENSION

1001 NW 63RD STREET, STE 305

OKLAHOMA CITY, OK 73116

These are not

PLEASE KEEP YOUR ADDRESS CURRENT WITH US, WE
ARE HAVING LOTS OF RETURNED MAIL! WE WANT TO
KEEP YOU
UPDATED AND INFORMED.

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 \$6,865. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.