



# PROTECT AND SERVE

Spring/Summer 2016

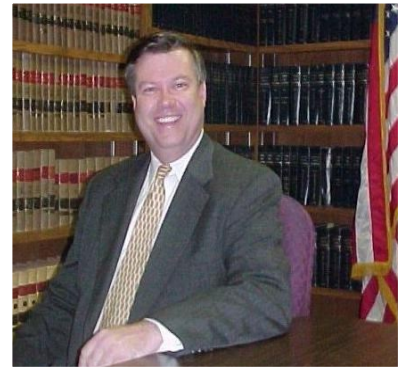
*A publication of the Oklahoma Police Pension and Retirement System*

## Letter from the Executive Director

**Steven K. Snyder**

### State Financial Crisis

As I am certain that you are aware, the State of Oklahoma is undergoing a financial crisis of unheard of proportions. The State Board of Equalization certified in February that the budget for the 2016-2017 fiscal year lookout beginning July 1, 2016 will have a shortfall of \$1.1 billion from the previous year's appropriations. This figure does not include the \$200 million in one-time monies. In addition some prognosticators predict that the shortfall will be over \$1.5 billion. With this in mind, there is talk of reallocating monies from some areas to help balance the budget. One of the areas is the insurance premiums tax allocation received by the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS received 14% of the annual insurance premium tax which amounts to more than \$35,000,000.00 for the last fiscal year. Although our policy makers at the Capitol might find reallocating these monies from the OPPRS to the General Revenue enticing, it will only exacerbate any unfunded condition of the OPPRS. In other words, as the old adage goes, "robbing Peter to pay Paul". Any diversion of revenue away from the OPPRS may help the state financial crisis this year but it would damage the funded status of the OPPRS for years to come. Hopefully, cool heads will prevail at the Capitol and our policy makers will see the adverse effects that diverting these funds would have on the OPPRS. Please be assured that the Board of Trustees, Executive Director, and staff will continue to educate policy makers and advocate to protect the financial viability of your pension system, the OPPRS.



#### 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

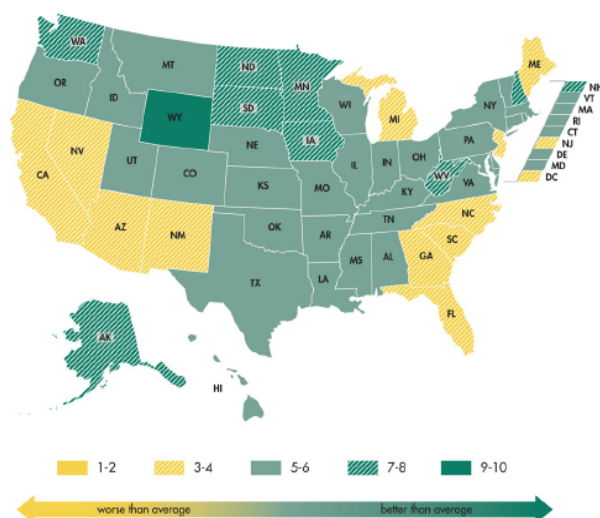
#### Inside this Issue:

Financial Security	2
Common Tax Questions	4
Enough Money to Retire	6
NCPERS - Press Release	7
CAFR	8
Consultants Corner	9
ASAP	10
Unemployment Data	11

#### 2016 Oklahoma Police Pension & Retirement Board Meeting Dates

January 20, 2016	May 25, 2016	September 21, 2016
February 17, 2016	June 15, 2016	October 19, 2016
March 23, 2016	July 20, 2016	November 16, 2016
April 20, 2016	August 17, 2016	December 21, 2016

# Financial Security for Future Retirees: Oklahoma Scores 5 out of 10



Oklahoma like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in some other states; however, there is much room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Oklahoma has an important role to play fashioning financial security as workers age. Its retiree cost and labor market scores above average; however, its retiree income score was just average. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Oklahoma workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$29,577; this means that workers

have saved far less than even one-times the \$57,499 average annual earnings of working Oklahomans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Oklahomans living in poverty in the future may exceed the 2012 level of 9.9 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

The components of Oklahoma's potential future retiree income score yielded an average score. With just 43 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Oklahoma ranked 40th in the nation in this regard. Since 2000 the percent of workers covered in a retirement plan has dropped from 46 percent. The \$29,577 saved in the average DC account held by Oklahomans was below the \$30,345 in retirement savings nationally. Oklahoma had a slightly lower than average 3.67 percent marginal tax rate on pension income.



## MAJOR RETIREE COST SCORE: 6 OUT OF 10

The components of Oklahoma's retiree cost score were mixed, and yielded a slightly above average score. This was due in part to Oklahoma's rank as the state with the 8th lowest housing cost burden for older households, with just 27 percent of older households paying 30 percent or more of their income towards housing costs. Oklahoma also ranked well in Medicare generosity, as retirees in the state had an average cost-sharing liability of \$1,671 in out-of-pocket costs for enrollees. However, the state ranked just 42nd in the nation in Medicaid generosity, with average payments of \$12,068 per older beneficiary.



## OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10

Oklahoma had an above average older adult labor market score, largely due to its low unemployment rate for older workers. In 2012, Oklahoma had the fourth lowest unemployment rate for older workers in the nation, at just 3.1 percent, as compared with 5.3 percent nationally. On the other hand, the state had the seventh lowest median wage for older workers in the country, at just \$13.50 per hour, versus \$14.76 nationally.

## OKLAHOMA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
<b>Overall Score</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>5.4</b>
<b>Retirement Income Score</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>5.5</b>
Retirement Plan Participation (Private Sector)	46.29%	50.22%	42.87%	46.0%
Average DC Account Balance	\$23,651	\$27,455	\$29,577	\$30,345
Marginal Tax Rate on Pension Income	5.78%	5.15%	3.67%	4.0%
<b>Retiree Cost Score</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>5.4</b>
Medicare Out of Pocket Cost per Enrollee	\$1,441	\$1,598	\$1,671	\$1,745
Medicaid Payments for Older Beneficiaries	\$10,565	\$12,061	\$12,068	\$16,978
Older Households Paying 30% or More for Housing	23.6%	26.5%	27.0%	32.7%
<b>Labor Market Score</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>5.6</b>
Older Worker Unemployment Rate	1.9%	2.1%	3.1%	5.3%
Median Hourly Wage for Older Workers	\$12.56	\$13.39	\$13.50	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Oklahoma relative to the other states on these dimensions of retirement security.

Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.

For more information about the national and state scorecards visit [www.nirsonline.org](http://www.nirsonline.org).

### **Common Questions about Tax Forms (1099-R)**

Every January, members that received a distribution from the system in the prior year are mailed a *Form 1099-R—Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans, IRA's, Insurance Contracts, etc.* This form shows any distributions, taxes withheld, non-taxable amounts and other tax related items. Each year we receive a number of questions regarding this form. The following are a few of the most common questions and answers:

**Q. Why does the tax form look different than in the past?**

**A.** In an effort to provide all tax related information in one document, OPPRS has created a combined tax statement. This statement includes multiple copies of IRS Form 1099-R and an information box showing qualified insurance premium amounts any member had withheld from their pension and paid by OPPRS during the year.

**Q. When were 1099-R tax forms mailed, and what do I do if I have not received a tax document?**

**A.** 1099-R tax documents were mailed out on January 22, 2016 to all members that received a distribution from the system in 2015. If you received money from OPPRS in 2015 and have not yet received a year-end tax statement, please contact the System at (405) 840-3555 to request a replacement.

**Q. Why did I receive two (or more) 1099-R forms this year?**

**A.** If you turned 59½ years old in 2015, one 1099-R you receive will have Code 2 in Box 7 (early distribution, with exceptions), identifying amounts that you received prior to turning age 59½. A second 1099-R will have Code 7 (Normal distribution) in Box 7, identifying amounts that you received after turning age 59½. The IRS requires separate 1099-R forms to be issued when a recipient's status within the plan changes during the year. The year following the year you reach age 59½, you should once again begin receiving just one 1099-R from the system. REMEMBER, the amounts from both 1099-R's should be added together for tax purposes.

You will also receive more than one form 1099-R in your initial year of retirement if you received distributions from one of the Deferred Option Plans (DOP). The IRS requires separate reporting for the amounts distributed from the DOP plans. If 2015 was your first year of retirement, depending on your distribution and rollover elections, you will receive at least two 1099-R forms for tax purposes, and possibly more.

**Q. What does the amount in Box 5 represent?**

**A.** This amount represents the current year's portion of your after-tax contributions made prior to January 1, 1989 or for purchased service contributions that are being returned back to you. Your total post-tax contributions are divided out over a period of years based on IRS tax tables and a portion of your contributions are returned to you each year. This amount is the difference between your gross income amount (Box 1) and your taxable amount (Box 2a). Since this is a return of post-tax contributions, it is generally not taxable.

**Q. Is my health insurance premium that was deducted monthly from my pension benefit included in Box 5?**

**A.** No. Your year-end tax statement includes a box in the lower right quadrant of the page. This box (see example), includes any qualifying premiums that were withheld from your pension and paid to insurance providers on your behalf during the year. Generally, you are entitled to deduct up to \$3,000.00 annually from your taxable income for qualifying health insurance premiums withheld and paid by OPPRS on your behalf. This amount is not included on form 1099-R, and the amounts on form 1099-R have not been reduced by this amount. In the example shown, \$5,000.00 was withheld from a member's pension and paid to qualifying insurers on behalf of the member in 2015. Each member should discuss the appropriate tax treatment of this amount with a qualified tax professional.



**Copy B -- Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.**

Form **1099-R** 2015  
Distributions From Pensions,  
Annuities, Retirement or  
Profit-Sharing Plans, IRAs,  
Insurance Contracts, etc.

OMB No.  
1545-0119  
Dept. of the  
Treasury --  
Internal Rev.  
Service

Account number (see instructions) CORRECTED (if checked)

PAYER'S name, address, ZIP/postal code & country

PAYER'S federal identification number RECIPIENT'S identification number

RECIPIENT'S name, address, ZIP/postal code & country

<b>1</b> Gross distribution \$	<b>2a</b> Taxable amount \$	<b>2b</b> Taxable amount not determined Total distribution
<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Fed. income tax withheld \$	<b>5</b> Empl. contribs./Desig. Roth contribs./ins. prem. \$
<b>6</b> Net unrealized appreciation in employer's securities \$	<b>7</b> Distrib. code(s) IRAs/SEP/SIMPLE	<b>8</b> Other \$ %
<b>9a</b> Percentage total distrib. % \$	<b>9b</b> Total employee contributions \$	<b>10</b> Amount allocable to IRR within 5 years \$
		<b>11</b> 1st yr. desig. Roth contrib. \$
<b>12</b> State tax withheld \$	<b>13</b> State/Payer's state no. \$	<b>14</b> State distribution \$
<b>15</b> Local tax withheld \$	<b>16</b> Name of locality \$	<b>17</b> Local distribution \$

This information is being furnished to the Internal Revenue Service. 38-2099803

**Copy 2 -- File this copy with your state, city, or local income tax return, when required.**

Form **1099-R** 2015  
Distributions From Pensions,  
Annuities, Retirement or  
Profit-Sharing Plans, IRAs,  
Insurance Contracts, etc.

OMB No.  
1545-0119  
Dept. of the  
Treasury --  
Internal Rev.  
Service

Account number (see instructions) CORRECTED (if checked)

PAYER'S name, address, ZIP/postal code & country

PAYER'S federal identification number RECIPIENT'S identification number

RECIPIENT'S name, address, ZIP/postal code & country

<b>1</b> Gross distribution \$	<b>2a</b> Taxable amount \$	<b>2b</b> Taxable amount not determined Total distribution
<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Fed. income tax withheld \$	<b>5</b> Empl. contribs./Desig. Roth contribs./ins. prem. \$
<b>6</b> Net unrealized appreciation in employer's securities \$	<b>7</b> Distrib. code(s) IRAs/SEP/SIMPLE	<b>8</b> Other \$ %
<b>9a</b> Percentage total distrib. % \$	<b>9b</b> Total employee contributions \$	<b>10</b> Amount allocable to IRR within 5 years \$
		<b>11</b> 1st yr. desig. Roth contrib. \$
<b>12</b> State tax withheld \$	<b>13</b> State/Payer's state no. \$	<b>14</b> State distribution \$
<b>15</b> Local tax withheld \$	<b>16</b> Name of locality \$	<b>17</b> Local distribution \$

This information is being furnished to the Internal Revenue Service. 38-2099803

**Copy C -- For Recipient's Records**  
(keep for your records)  
This information is being furnished to the Internal Revenue Service.

Form **1099-R** 2015  
Distributions From Pensions,  
Annuities, Retirement or  
Profit-Sharing Plans, IRAs,  
Insurance Contracts, etc.

Account number (see instructions)

PAYER'S name, address, ZIP/postal code & country

PAYER'S federal identification number RECIPIENT'S identification number

RECIPIENT'S name, address, ZIP/postal code & country

<b>1</b> Gross distribution \$	<b>2a</b> Taxable amount \$	<b>2b</b> Taxable amount not determined Total distribution
<b>3</b> Capital gain (included in box 2a) \$	<b>4</b> Fed. income tax withheld \$	<b>5</b> Empl. contribs./Desig. Roth contribs./ins. prem. \$
<b>6</b> Net unrealized appreciation in employer's securities \$	<b>7</b> Distrib. code(s) IRAs/SEP/SIMPLE	<b>8</b> Other \$ %
<b>9a</b> Percentage total distrib. % \$	<b>9b</b> Total employee contributions \$	<b>10</b> Amount allocable to IRR within 5 years \$
		<b>11</b> 1st yr. desig. Roth contrib. \$
<b>12</b> State tax withheld \$	<b>13</b> State/Payer's state no. \$	<b>14</b> State distribution \$
<b>15</b> Local tax withheld \$	<b>16</b> Name of locality \$	<b>17</b> Local distribution \$

### For Informational Purposes Only

This information IS NOT furnished to the IRS

The following insurance premium information is provided for your convenience. This total reflects only the amount withheld from your OPPRS benefit (if applicable) and does not include any refunds or manual premium payments. Generally, eligible retired public safety officers can exclude up to \$3,000 of eligible premiums from their taxable income. See IRS publication 575.

Qualified Insurance Premiums Withheld for 2015 5000

Note: This amount IS NOT the same as box 5 of form 1099-R. The above amount is not included on form 1099-R.

## Do I have enough money to retire?

By Brenda Bolander, CPA/PFS, CFP®

Wondering if you have enough money is the most common question for someone thinking about retirement. While no one can predict the future or control everything that happens, there are steps you can take to maximize the probabilities that you will be successful in retirement. Start with these five steps:

1. Develop a monthly retirement budget of your living expenses – be realistic. Studies show that retirement spending is likely to be the same or higher at first when retirees are more active, then decrease as activities decrease, and finally rise in the later years when higher medical expenses are incurred. Currently, couples should expect to pay about \$200,000 for out-of-pocket medical expenses during 25 to 30 years in retirement.
2. Obtain a current estimate of the monthly retirement benefits you will receive from the Oklahoma Police Pension Retirement System (OPPRS) and verify when you will be eligible for those benefits. This will establish the base-line for building your retirement plan. With 20 years of service your benefit will be about 50% of your final average pay.
3. If your city participates in Social Security, or you have credits from a prior employer, then go online to [ssa.gov](https://ssa.gov) to use the quick calculator or create an account to determine your estimated retirement benefits. You can plug in different retirement dates to get an idea of the benefits you will receive at various ages including your full retirement age (FRA) between 66 and 67, early retirement between age 62 and FRA, and the delayed credit benefits between your FRA and age 70. Also, be sure to review your earnings history for accuracy.
4. If you are eligible for the OPPRS deferred option, estimate the amount that will be transferred out of the system when you retire. When some receive the deferred option payout, it may feel like money to burn, but it is important to be cautious here, especially to avoid unnecessary taxes. A common rule of thumb for distributions is 4%. With proper planning and sound investment management this money can provide income that increases with inflation over your lifetime or longer for your family.
5. Determine whether these sources of income along with your other savings will meet your needs in retirement. If not, then how will you bridge the gap? Will you decrease your standard of living or find other sources of income? Some enjoy taking another job, even changing careers or starting a business of their own. However, owning a business comes with its own set of risks and it may be helpful to seek the advice of a financial professional.

These are the initial steps to preparing for retirement. Other areas to consider for a complete financial plan include establishing an emergency cash reserve, paying off all debts, obtaining health insurance between your retirement date and Medicare- which begins at age 65, and strategies to avoid unnecessary taxes. Developing a solid plan is essential before stepping into retirement, and a financial planning professional can help with this and more.

---

Brenda Bolander is a CERTIFIED FINANCIAL PLANNER™ and a CPA. As the former State Comptroller of Oklahoma, she served on a state pension board and chaired the Cash Management and Investment Oversight Commission. This is the first of three articles about planning for retirement.



National Conference on  
**Public Employee Retirement Systems** — *The Voice for Public Pensions*

**Measures Included in Puerto Rico Assistance Act  
 Would Undermine Public Pensions in All 50 States**

*Bailout Bill Should Not Be a Vehicle for Pension Overhaul, NCPERS Asserts*

Washington, D.C. -- The [National Conference on Public Employee Retirement Systems](#) (NCPERS) issued the following statement from [Hank H. Kim](#), Esq., executive director and counsel, regarding pension measures, spearheaded by Senate Finance Committee Chairman Orrin Hatch (R-Utah) and included in the Puerto Rico Assistance Act (S. 2381). The proposed legislation resurrects two bills previously advanced by Chairman Hatch – the Secure Annuities for Employees (SAFE) Retirement Act and the Public Employee Pension Transparency Act.

“We are dismayed that Chairman Hatch’s proposal to undermine public pensions has surfaced again, this time in the Puerto Rico Assistance Act. This urgent legislation is not the place for advancing an agenda that is, at best, tangential to the financial stability of Puerto Rico and, at worst, destabilizing to millions of public employees and retirees.

“One of Chairman Hatch’s measures would set the stage for all U.S. states and territories – not just Puerto Rico – to turn public pensions over to private insurance companies. This is an ill-conceived and unworkable approach that would penalize even the most soundly operated and well funded pension systems. Contracting out public pensions— which are non-profit enterprises—to for-profit insurance companies makes absolutely no sense. Public pension plans are already in the business of providing their retirees with the annuities Chairman Hatch advocates. We self-annuitize at a cost of 60 basis points, certainly a lower cost than a for-profit insurance company could offer.

“A second measure would upend oversight of state and local government pension systems by requiring them, for the first time, to report their funding status to the U.S. Treasury Department review. Under this law, the federal government would arrogate its authority even though no state or local public pension plan has ever asked for a federal bailout. The measure would also require recalculations of public pension plans’ funded status using an approach that would make even well-funded plans appear to be poorly funded.”

**Active Member Statements**



Please note that the OPPRS is no longer mailing annual active member statements. These statements may now be accessed by logging into your Web Member Services account through our website: [www.opprs.ok.gov](http://www.opprs.ok.gov). Once you have logged into your account, you may view the statement by clicking on the “Member Statements” option from the menu on the left side of the screen. If you have yet to enroll in Web Members Services, don’t worry! It only takes a couple of minutes to create an account, and then you will have 24/7 access to important account information, forms, and the benefit estimator.



Government Finance Officers Association  
 203 N. LaSalle Street—Suite 2700  
 Chicago, IL 60601  
 Phone (312) 977-9700 Fax (312) 977-4806

03/02/2016

## NEWS RELEASE

For Information contact:

Stephen Gauthier (312) 977-9700

(Chicago) -- The Certificate of Achievement for Excellence in Financial Reporting has been awarded to Oklahoma Police Pension & Retirement System by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive “spirit of full disclosure” to clearly communicate its financial story and motivate potential users and user groups to read the CAFR. The GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL and Washington, D.C.



**NATIONAL PUBLIC  
PENSION COALITION**

## States and Experts Agree: Pensions are Rebounding and Provide Most Retirement Security for Public Employees

**Pensions are rebounding.** Public pension funds are returning to healthy funding levels following the Wall Street crash of 2008. According to a fall 2014 Wilshire Consulting report, the average funding ratio across all public pension plans in FY 2013 was 75%, up from 65% in FY 2009.<sup>(1)</sup> And researchers at the Center for Retirement Research at Boston College project funding levels will be as high as 80.5% by 2018.<sup>(2)</sup>

**Pensions benefit the local economy, spurring growth and development.** Every dollar paid in pension benefits supports \$1.98 in economic activity. That translates to 6.2 million American jobs.<sup>(3)</sup>

(1) Wilshire Consulting Report: 2014 State Retirement System Funding Report ([http://www.wilshire.com/media/17614/wilshire\\_2014\\_state\\_funding\\_report\\_20130226.pdf](http://www.wilshire.com/media/17614/wilshire_2014_state_funding_report_20130226.pdf))

(2) Center for Retirement Research at Boston College: Funding of State and Local Pensions ([http://www.wilshire.com/media/17614/wilshire\\_2014\\_state\\_funding\\_report\\_20130226.pdf](http://www.wilshire.com/media/17614/wilshire_2014_state_funding_report_20130226.pdf))

(3) National Institute on Retirement Security: Pensionomics 2014 ([http://www.nirsonline.org/storage/nirs/documents/Pensionomics%202014/pensionomics2014\\_final.pdf](http://www.nirsonline.org/storage/nirs/documents/Pensionomics%202014/pensionomics2014_final.pdf))



### 2015 Year in Review

#### **Market Overview**

Global financial markets encountered a wave of increased volatility as plunging oil prices raised concerns regarding the sustainability of the global economic expansion. Global stock market performance was subdued as market sentiment was swayed by sharp swings of negative momentum that overshadowed underlying fundamentals. Although Europe and Japan offered signs of a corporate profit recovery, performance of international stocks was mixed across market capitalizations and countries. Emerging Market stocks declined significantly amid a growing perception that China's economy was weaker than expected and would have negative spillover effects into other Emerging Market regions.

The US Federal Open Market Committee inched rates higher, while communicating that interest rates will remain relatively low for an extended period. In contrast to the US, the European Central Bank (ECB) and the Bank of Japan (BOJ) continue their significant easing posture. US dollar denominated emerging market debt advanced due to a sizeable yield advantage relative to developed market sovereign yields, while emerging market currency depreciation weighed on local bond returns.

#### **OPPRS Portfolio**

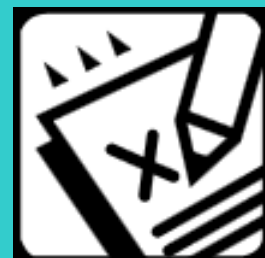
The OPPER portfolio held up well amongst this challenging backdrop, and finished the calendar year with positive returns, during a period where majority of public pension funds faced negative returns. The broad diversification and defensive positioning of the OPPER portfolio provides the System with much needed protection in periods of uncertainty like was experienced in 2015. Two areas of the portfolio that really helped during the year were Private Equity and Real Estate. The overall Private Equity allocation was up close to 14% on the year of the Private Real Estate portion of the portfolio delivered mid teen returns as well. This type of diversification is invaluable during a time when the traditional stock and bond markets produced negative returns across the board. Just as important to the portfolio results is the defensive positions across the portfolio that provide much needed protection in markets like 2015, while at the same time allowing for participation in rising markets all in an effort to preserve the strong funded position that the Oklahoma Police Pension System continues to maintain.

#### **Election Results**

District 2 - Craig Akard  
District 5 - Ryan Perkins  
District 7 - W.B. Smith

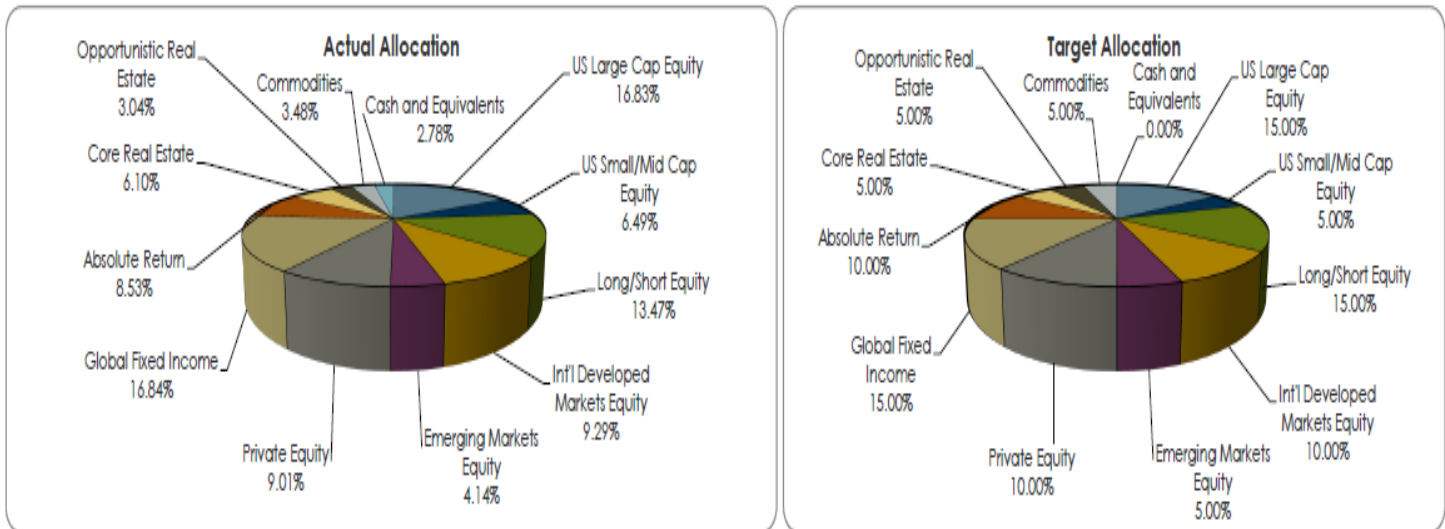
**Term: 3 Years**

**7/1/16-6/30/19**



## Oklahoma Police Pension and Retirement System

### For the Periods Ending February 29, 2016



	Market Value (\$000s)	Actual Allocation (%)
<b>Total Portfolio</b>	<b>2,091,475</b>	<b>100.00</b>
<b>Total Portfolio Net of Fees *</b>		
<i>Total Fund Policy <sup>1</sup></i>		
<b>Equity</b>	<b>1,238,881</b>	<b>59.23</b>
<i>MSCI ACWI</i>		
<b>Fixed Income</b>	<b>530,602</b>	<b>25.37</b>
<i>Barclays Universal</i>		
<b>Real Assets</b>	<b>263,828</b>	<b>12.61</b>
<i>Bloomberg Commodity</i>		
<i>NFI ODCE Net as of 12/15</i>		
<b>OK Invest Cash <sup>2</sup></b>	<b>39,137</b>	<b>1.87</b>
	<b>19,028</b>	<b>0.91</b>

	Market Value (\$000s)	Actual Allocation (%)	1 Month (%)	YTD (%)	FYTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
<b>Total Portfolio</b>	<b>2,091,475</b>	<b>100.00</b>	<b>-0.33</b>	<b>-3.21</b>	<b>-5.80</b>	<b>-4.68</b>	<b>5.01</b>	<b>5.40</b>	<b>5.07</b>
<b>Total Portfolio Net of Fees *</b>			<b>-0.36</b>	<b>-3.28</b>	<b>-6.09</b>	<b>-5.11</b>	<b>4.55</b>	<b>4.99</b>	<b>4.76</b>
<i>Total Fund Policy <sup>1</sup></i>			<b>-0.25</b>	<b>-3.60</b>	<b>-7.05</b>	<b>-7.57</b>	<b>3.45</b>	<b>5.19</b>	<b>4.59</b>

<sup>1</sup> The Policy Index is comprised of the following indices: 60% MSCI ACWI, 30% Barclays Capital Universal, 5% NFI ODCE (net), and 5% Bloomberg Commodity as of August 1, 2014. From August 1, 2012 to July 31, 2014 the Policy Index was comprised of 65% MSCI ACWI, 30% Barclays Capital Universal and 5% NFI ODCE (net). 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% BC Aggregate, and 10% MSCI EAFE.

<sup>2</sup> Cash includes holdings in miscellaneous equity securities.  
The Fiscal Year End is June.

### Attention Retirees and Beneficiaries:



While many members elect to have qualified health insurance premiums deducted from their monthly pension and paid directly to their insurance provider, the OPPRS cannot guarantee that the insurance provider will accept and/or process the payments properly. This is especially true for retirees that only have premiums deducted for a spouse because the payments reference the retiree's identifying information and not the spouse's. Please check with your insurance provider to ensure that they will accept/process health insurance premium deductions issued from the OPPRS prior to making such an election with this system.

**Bureau of Labor Statistics****Unemployment Data**

Measure	Not seasonally adjusted			Seasonally adjusted					
	Feb 2015	Jan. 2016	Feb. 2016	Feb. 2015	Oct. 2015	Nov. 2015	Dec. 2015	Jan. 2016	Feb. 2016
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	2.7	2.1	2.2	2.5	2.1	2.1	2.1	2.0	2.1
U-2 Job losers and persons who completed temporary	3.0	2.7	2.7	2.7	2.5	2.5	2.4	2.3	2.4
U-3 Total unemployed, as a percent of the civilian labor	5.8	5.3	5.2	5.5	5.0	5.0	5.0	4.9	4.9
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	6.3	5.7	5.6	6.0	5.4	5.4	5.4	5.3	5.3
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	7.1	6.5	6.3	6.8	6.2	6.1	6.1	6.2	6.0
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	11.4	10.5	10.1	11.0	9.8	9.9	9.9	9.9	9.7

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 intro-

**1099-R Statements:**

**If OPPRS Payees have not received a 1099-R Tax Document for 2015, please contact us!**

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

Forms are available on our website: [www.opprs.ok.gov](http://www.opprs.ok.gov)  
or by calling our office at (405) 840-3555





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

## 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](http://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 eight hundred copies have been printed at a cost of \$3,510.00. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.*