



OKLAHOMA TEACHERS RETIREMENT SYSTEM

February 24, 2011

Dear Clients:

While the Teachers Retirement System has a significant unfunded liability, our accountant and actuary project that OTRS has enough money to continue paying retirement benefits for the foreseeable future. Contributions to the system are currently at a level that will ensure we can pay benefits to our retirees for many years to come.

From 1992 to today, OTRS has earned an average annual return of 9.4% on its investments and has achieved operational cost efficiencies totaling \$7.6 million in the past two years. These milestones are significant, especially given the recent economic conditions.

We do believe, however, that now is the time to find and implement a solution to the unfunded liability because it will likely take many years to solve this predicament.

We appreciate the attention that state leaders are giving to this issue which impacts all Oklahomans and we hope to be at the table during discussion and debate on proposed solutions.

OTRS leadership has presented information to policymakers on the impacts of making changes to our retirement benefits. Additionally, we have discussed with legislative leaders the cost involved if they wish to close the existing plan and direct new clients into a defined contribution plan. As a result of these discussions, we believe legislative leadership understands that such proposals are fiscally impossible.

In addition to the discussions on implementing a defined contribution plan, there are also numerous other ideas being offered. We are working with the Legislature and Administration to make sure everyone has all the facts regarding these proposals.

Finally, we are aware that there are many rumors about changes to the calculation of retirement benefits for active Clients of OTRS. At this point, we have seen nothing that leads us to believe there will be any major changes to the retirement benefit formula for OTRS Clients.

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Please be assured that should we see any developments in proposed legislation that lead us to a different conclusion, we will do our best to make all of our clients aware of the situation in a timely manner. If you wish to receive such notices as soon as possible, please email us at gogreen@trs.ok.gov, provide us with your e-mail address as well as your first name, middle initial, last name and mailing address to verify that we have your correct information for our records.

The Board of Trustees and executive leadership of OTRS view it as our privilege to work for the public educators of Oklahoma and we will do everything in our power to protect and promote your financial interests in our plan.

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Wilbanks". The signature is fluid and cursive, with a large initial "J" and "W".

James R. Wilbanks, Ph.D.

Executive Director

Oklahoma Teachers Retirement System