

TO PROTECT AND TO SERVE

Summer 2009

A publication of the Oklahoma Police Pension and Retirement System

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Letter from the Executive Director

Steven K. Snyder

Welcome to the inaugural edition of your newsletter "To Protect and To Serve." This title is appropriate as that is what the Oklahoma Police Pension & Retirement System ("OPPRS") and its staff are here to do: First, to protect the assets of the OPPRS for the benefit of the members and beneficiaries, and Second, to serve those same members and beneficiaries. As this is the first newsletter that the OPPRS has published, it coincides with this being my first year as the Executive Director. My predecessor, Bob Wallace, retired on December 31, 2008, after serving as Executive Director for 24 years. Although I am in a new position, I am not new to the OPPRS. Previously, I served as Assistant Attorney General to the OPPRS from 1991-2005, at which time I became the Deputy Executive Director and General Counsel. Although I assumed my current position at a very challenging time for the OPPRS, the State and the Nation, I am grateful to have the opportunity to serve you.



I realize that many of you are concerned about the safety of your pension and the OPPRS. Let me assure you that the OPPRS is sound and your pension benefits are secure. Over the past 18 months, we have suffered losses as have all of the other Oklahoma public pension systems. However, I am pleased to report that the Oklahoma State Pension Commission consultant ranked the OPPRS in the top 13% of all public pension systems nationally as of March 31, 2009. For further information on the investment philosophy of the OPPRS, please see the article on page 5.

I hope that you find this newsletter insightful and informative. Respectfully.

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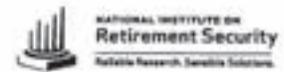
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OKLAHOMA

**Pensionomics:***Measuring the Economic Impact of State and Local Pension Plans***Key Findings**

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of Oklahoma.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a *multiplier effect*.

Expenditures stemming from state and local pensions supported...

- 13,582 jobs that paid \$711.8 million in wages and salaries
- \$1.9 billion in total economic output
- \$252.6 million in federal, state, and local tax revenues

... in the state of Oklahoma.

Each dollar paid out in pension benefits supported \$1.37 in total economic activity in Oklahoma.

Each dollar "invested" by Oklahoma taxpayers in these plans supported \$4.76 in total economic activity in the state.

Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Oklahoma communities and the state economy. In 2006, 82,584 residents of Oklahoma received a total of \$1.37 billion in pension benefits from state and local pension plans, with \$1.29 billion paid from plans within the state and the remainder originating from plans in other states.

The average pension benefit received was \$1,382 per month or \$16,590 per year. These modest benefits provide retired teachers, public safety personnel and others who served the public during their working careers income to meet basic needs in retirement.

Impact on Jobs and Incomes

Retiree expenditures stemming from state and local pension plan benefits supported 13,582 jobs in the state. The total income to state residents supported by pension expenditures was \$711.8 million.

Of this, the greatest share, \$351.9 million, was comprised of employee compensation (wages and salaries). Proprietors' income (self-employment income) represented \$73.9 million, and other property income (including payments from interest, rent, royalties, profits and dividends) totaled \$286.0 million.

Economic Impact

State and local pension funds in Oklahoma and other states paid a total of \$1.37 billion in benefits to Oklahoma residents in 2006. Retirees' expenditures from these benefits supported a total of \$1.9 billion in total economic output in the state, and \$791.7 million in value added in the state.

\$1.3 billion in direct economic impacts were supported by retirees' expenditures on goods and services from businesses in the state. An additional \$282.5 million in indirect economic impact resulted when these businesses purchased additional goods and services, generating additional income in the local economy. \$273.2 million in induced impacts occurred when employees hired by businesses as a result of the direct and indirect impacts made expenditures, supporting even more additional income.

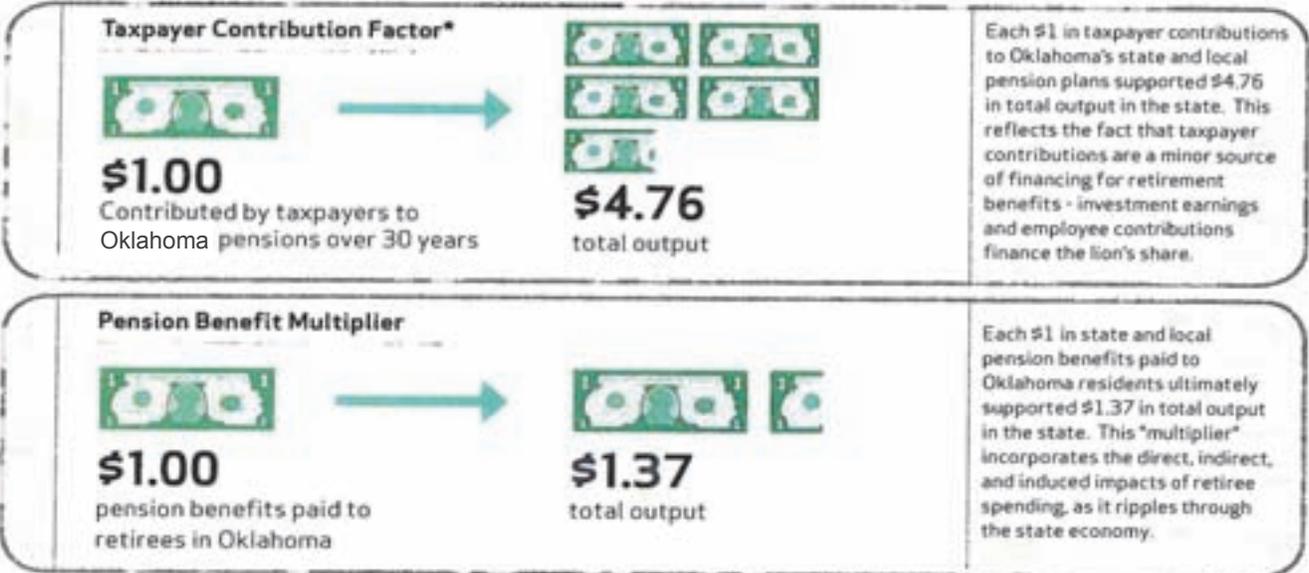
————— Total Economic Impact **\$1.9 billion** —————

**DIRECT
IMPACT**
\$1.3 billion

**INDIRECT
IMPACT**
\$282.5 million

**INDUCED
IMPACT**
\$273.2
million

Economic Multipliers



* Caution should be used in interpreting this number, because the Census data used reflect the taxable status of contributions only; because employee contributions may be reported as taxpayer contributions, the multiplier here may be underestimated.

Impact on Tax Revenues

State and local pension payments made to Oklahoma residents supported a total of \$252.6 million in revenue to federal, state and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$52.1 million. Taxes attributable to direct, indirect and induced expenditures accounted for \$200.6 million in tax revenue.

Federal Tax	161.1 million
State/Local Tax	91.2 million
Other Corporate Taxes	0.3 million
Total	\$252.6 million

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in the state. The ten industry sectors with the largest employment impacts are presented in the table below.

Industry	Employment Impact (# Jobs)	Value Added Impact (\$ millions)	Income Impact (\$ millions)	Output Impact (\$ millions)
Health Care and Social Assistance	2,987	\$129.9	\$128.4	\$220.2
Retail Trade	2,659	104.3	82.1	161.0
Accommodation and Food Services	1,547	32.3	28.8	71.6
Other Services (Except Public Administration)	1,146	25.2	23.3	51.6
Real Estate and Rental and Leasing	781	50.0	42.1	77.3
Finance and Insurance	657	53.4	51.4	102.6
Professional, Scientific, and Technical Services	569	29.7	29.0	57.9
Administrative and Waste Services*	547	15.9	28.2	27.0
Wholesale Trade	487	47.4	37.0	70.3
Arts, Entertainment, and Recreation	370	9.3	8.3	15.9

* The North American Industry Classification System classifies this industry as Administrative and Support and Waste Management and Remediation Services.

ACTIVE MEMBERSHIP BY CITY/TOWN

(As of June 18, 2009)

Ada	34	Drummond	0	Lexington	0	Purcell	21
Altus	44	Drumright	5	Lindsay	8	Sallisaw	22
Alva	7	Duncan	43	Madill	12	Sand Springs	29
Anadarko	12	Durant	37	Mangum	5	Sapulpa	47
Arapaho	0	Edmond	116	Mannford	6	Sawyer	1
Ardmore	47	El Reno	28	Marlow	10	Sayre	6
Atoka	15	Elk City	23	McAlester	44	Seminole	11
Bartlesville	49	Enid	96	Miami	30	Shawnee	56
Bethany	30	Eufaula	11	Midwest City	92	Skiatook	17
Bixby	24	Forest Park	4	Moore	79	Spencer	5
Blackwell	16	Fort Gibson	10	Muskogee	89	Stigler	0
Blair	0	Frederick	11	Mustang	17	Stillwater	76
Boynton	0	Garber	0	Newcastle	17	Sulphur	10
Bristow	10	Glenpool	18	Newkirk	6	Tahlequah	27
Broken Arrow	124	Grandfield	0	Nichols Hills	15	The Village	20
Catoosa	14	Granite	1	Nicoma Park	6	Tishomingo	5
Chandler	7	Grove	19	Noble	10	Tonkawa	9
Checotah	10	Guthrie	21	Norman	140	Tulsa	825
Chickasha	28	Guymon	18	Nowata	6	Tuttle	10
Choctaw	13	Harrah	9	Okeene	1	Valley Brook	0
Claremore	37	Haskell	5	Oklahoma City	1062	Vinita	13
Cleveland	5	Henryetta	11	Okmulgee	26	Warner	4
Clinton	17	Hinton	3	Owasso	45	Warr Acres	19
Collinsville	9	Hobart	10	Pauls Valley	13	Watonga	8
Commerce	3	Hominy	5	Pawhuska	6	Waurika	1
Coweta	19	Hugo	17	Perkins	4	Weatherford	16
Cromwell	0	Idabel	19	Perry	14	Weleetka	1
Cushing	16	Jenks	16	Piedmont	10	Wetumka	5
Davis	6	Jones	5	Ponca City	53	Wewoka	9
Del City	30	Kingfisher	10	Poteau	26	Wister	2
Dewey	10	Krebs	7	Prague	6	Woodward	24
Disney	0	Lawton	162	Pryor	21	Yukon	36



FOR MORE INFORMATION ABOUT THE OPPRS

VISIT OUR WEBSITE AT:

WWW.OPPRS.OK.GOV



Investment Philosophy of the Oklahoma Police Pension & Retirement System

The last several months have been an unprecedented time in the investment markets. There has been continual news about the financial crisis, and plan participants and retirees are concerned about how these events have impacted them personally.

While we cannot control market behavior, we can control how we react to it. The Oklahoma Police Pension & Retirement System (OPPRS) Board and Staff have been working closely, as we have historically done in the past, with our investment consultant, Asset Consulting Group (ACG) during this time. Together, we have been monitoring the impact of the recent events on every category of our asset holdings.

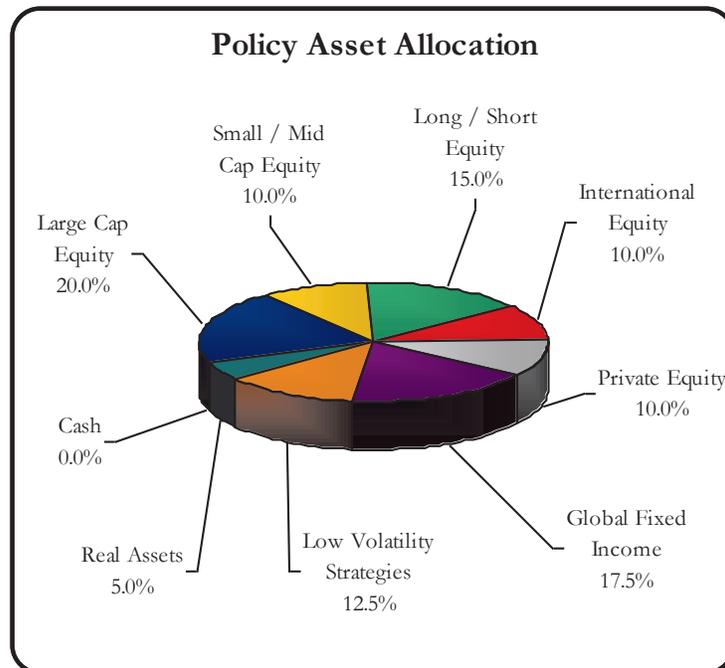
It is important to remember that we have a disciplined process that is followed by our Board. Our investment consultant's role is to provide education, guidance and expertise to the Board. They aid in the development of our investment policies, asset allocation strategy, market and economic reviews, and selection of high quality investment managers to provide a diversified portfolio of investments. In addition, both the Board and Staff carefully monitor our portfolio on a monthly basis and frequently meet directly

with many of our asset managers. The Board makes decisions, as appropriate, to modify its investment strategy and, as necessary, with the advice of our investment consultant, make changes regarding specific managers.

With regard to the assets in this defined benefit plan, the retirement benefit you receive is based on a pension formula which multiplies your length of service times 2.5% times your final average salary. Investment gains or losses, interest earnings, and funding status do not impact your monthly pension benefit. However, these factors do impact the cost of the plan over time for the employers.

While this is a challenging time in the investment arena, crisis situations often lead to attractive buying opportunities. In fact, certain investment strategies employed by the OPPRS have benefited from the recent market turmoil. As a long term investment program that is designed to pay benefits for many years to come, the Board has taken a long term view of its investment strategy and is not unduly influenced by recent events. Collectively, we will continue to work hard to help the OPPRS investment program achieve its long term objectives.

Target Asset Allocation as of April 2009





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

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Oklahoma Police Pension and Retirement System Staff
Front row (L-R), Nancy Nethercutt, Judy Cong, Janice Halley, Liz Moore. Back row, Sean Ruark, Linda Ruckman, Debbie Kearns, Steve Snyder, Dusty Brassfield, Marla Hensley, Katie Luttrell

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.

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 publication, printed by the University of Oklahoma Printing Services, is issued by the Oklahoma Police Pension and Retirement System as authorized by its Executive Director. Eight thousand copies have been printed at a cost of \$1,690. Copies have been deposited with the Publications Clearinghouse of the Oklahoma Department of Libraries.