



OKLAHOMA TEACHERS RETIREMENT SYSTEM

For immediate release: Sept. 29, 2011

Oklahoma Teachers Retirement System Reduces Unfunded Liability *Projected to reach 100 percent funded status in 22 years*

Oklahoma City, Sept. 29, 2011 – Citing strong investments and recently enacted state pension reforms, the Oklahoma Teachers Retirement System (OTRS) announced today a significant reduction in its unfunded liability, dropping from more than \$10.4 billion to \$7.6 billion. That reduction translates to a funded ratio improving from 47.9 percent to 56.7 percent.

Perhaps more important, the pension fund's strengthened position means it is expected to reach 100-percent funded status in 22 years. Just a year ago the fund was projected to never reach a fully funded status. Based on the enactment of legislation during the 2011 legislative session, OTRS officials expected a reduction in the time period from infinity to 35 years.

OTRS executive director Dr. James Wilbanks said the improved figures are greatly encouraging.

"This reduction in unfunded liability is tremendous news for our state's teachers, school employees and, more broadly, the taxpayers of Oklahoma," Wilbanks said.

"For more than 40 years, the unfunded liability of the Teachers Retirement System has been an albatross around the neck of Oklahoma. But now we can see a real and attainable time frame by which the system can reach full funding. I believe we have turned a corner, and that is due in large part to legislative leaders and Gov. Fallin addressing the pension fund's unfunded liability."

State legislators earlier this year passed several bills aimed at reducing the teachers retirement system's unfunded liability. House Bill 2132, authored by House Speaker Kris Steele and Senate President Pro Tem Brian Bingman, ensured that cost-of-living adjustments (COLAs) would not be given without a dedicated funding source. Other measures authored by Rep. Randy McDaniel and Sen. Mike Mazzei raised the normal retirement age for new teachers from 62 to 65 and set a minimum age of 60 for full benefits for teachers who meet the rule of 90 (age plus years of service equals 90).

OTRS Board of Trustees chairman Dr. Mike Simpson echoed Wilbanks' sentiments.

"The legislation passed by lawmakers and signed into law by Gov. Fallin has had a very positive impact for the fund," he said. "Another powerful tool for OTRS has been an impressive

return on investment. The system's board and staff have focused on investment fundamentals and diversification, and that strategy is working.”

In August, a strong investment performance by OTRS placed it in the top 25 percent of pension funds in the nation. The System had a 23.5-percent one-year (FY 2011) return on investments and a seven-year (FY 05-11) return of 7.1 percent.

Wilbanks will be available to speak with news media representatives today between 1 p.m. – 2 p.m. at OTRS offices.

The OTRS is a state agency that administers retirement assets and provides income security through a monthly retirement benefit payable to its clients, who are educators and employees of Oklahoma's public education institutions and agencies.

###

***For more information contact:
Becky Wilson, (405) 521-4745***