THE ADVISOR
Quarterly Newsletter of the Oklahoma Teachers Retirement System

OTRS Benefits Enhance the State's Economy

Retirement benefits received by OTRS retirees and beneficiaries impacted Oklahoma's economy by more than $940 million during Fiscal Year 2013 (July 1, 2012 to June 30, 2013). Currently, OTRS has 54,581 retired clients. Eighty-nine percent of them live in Oklahoma and receive a total of $940,360,468 in benefit payments annually.

The Oklahoma Teachers Retirement System is a defined benefit plan and every retirement option provides a lifetime benefit to our clients, and perhaps their designated beneficiary. Therefore, this positive and dramatic impact on the Oklahoma economy will continue. Annualized benefit payments to the System's retirees are expected to exceed $1 billion by the end of Fiscal Year 2015.

Oklahoma Teachers Retirement System

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New Trustee Joins OTRS Board

The Oklahoma Teachers Retirement System is pleased to introduce our newest Board member, Andrew Oster. Mr. Oster is the founder and president of Triton Wealth Advisors, LLC., located in Edmond and Ponca City. A Certified Financial Planner (CFP), Mr. Oster has over 10 years of experience assisting clients in all stages of life addressing complex financial challenges.

In 2010, Mr. Oster co-authored a book in collaboration with several other industry professionals discussing the various components of comprehensive retirement planning and wealth management. He is committed to high industry standards and currently serves as a non-public arbitrator for the Financial Industry Regulatory Authority (FINRA).

Mr. Oster holds a Bachelor's and Master's of Business Administration in Finance from the University of Oklahoma. He and his wife Catherine reside in Edmond, and enjoy volunteering in their church and local community.

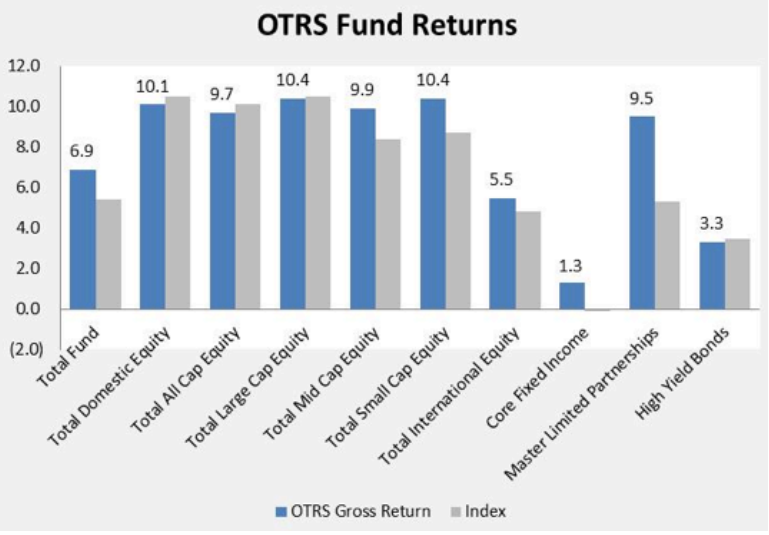
HAVE YOU "LIKED" US YET?

As of this publication, we've had over 700 people click "Like" on our Facebook page. Are you one of them? If not, visit us on Facebook and click "Like" so you can be the first to get updates and other information from OTRS. It's also a great place to get answers to general questions or post valuable feedback. We are so lucky to have this free resource to use to further our outreach and interaction with you. We hope you will "Like" us today!

Second Quarter Investment Recap

The domestic equity market sprinted higher into the second quarter. Domestic stocks outperformed international stocks and bonds during December 2013. Trailing year returns for domestic equity indexes were incredibly strong. OTRS continues to benefit from the multi-strategy diversification of the fund's assets which is led by the allocation to equity. This strategy has yielded a 21.9% annual return with a year-to-date return of 12.9%.

International shares posted mixed returns during the second quarter. Developed markets posted modest gains while emerging markets suffered a month of losses in December. Trailing year returns were strong for developed markets, while emerging markets suffered a loss for both the last one and three year period.



Most Favored Retirement Plans

After careful consideration and planning for the right moment to retire, the next most important decision to impact your financial future will be the type of retirement benefit payment plan you choose upon retirement.

Of the five retirement plans offered, more OTRS clients choose to retire under the Maximum retirement benefit payment plan. All five plans pay a lifetime monthly benefit to OTRS retirees and provide $5,000 (less taxes) death benefit to their beneficiary(ies) or estate, but only two of the five plans provide a continuous lifetime monthly benefit payment to the retiree's joint annuitant.

Our most favored plan, known as the Maximum plan, was selected by 32% of our retired clients. This plan allows for the highest monthly benefit payment available, but the unreduced monthly payment will cease upon the client's death.

In complete contrast, the second most popular benefit chosen is the Option 2, which yields the lowest benefit payment available. Overall statistics show 28% of our retirees have selected this monthly benefit, planning that their joint annuitant will continue to receive the same reduced monthly benefit payment for the remainder of the joint annuitant's life. This benefit payment can be reduced from the maximum benefit payment by as much as 15%.

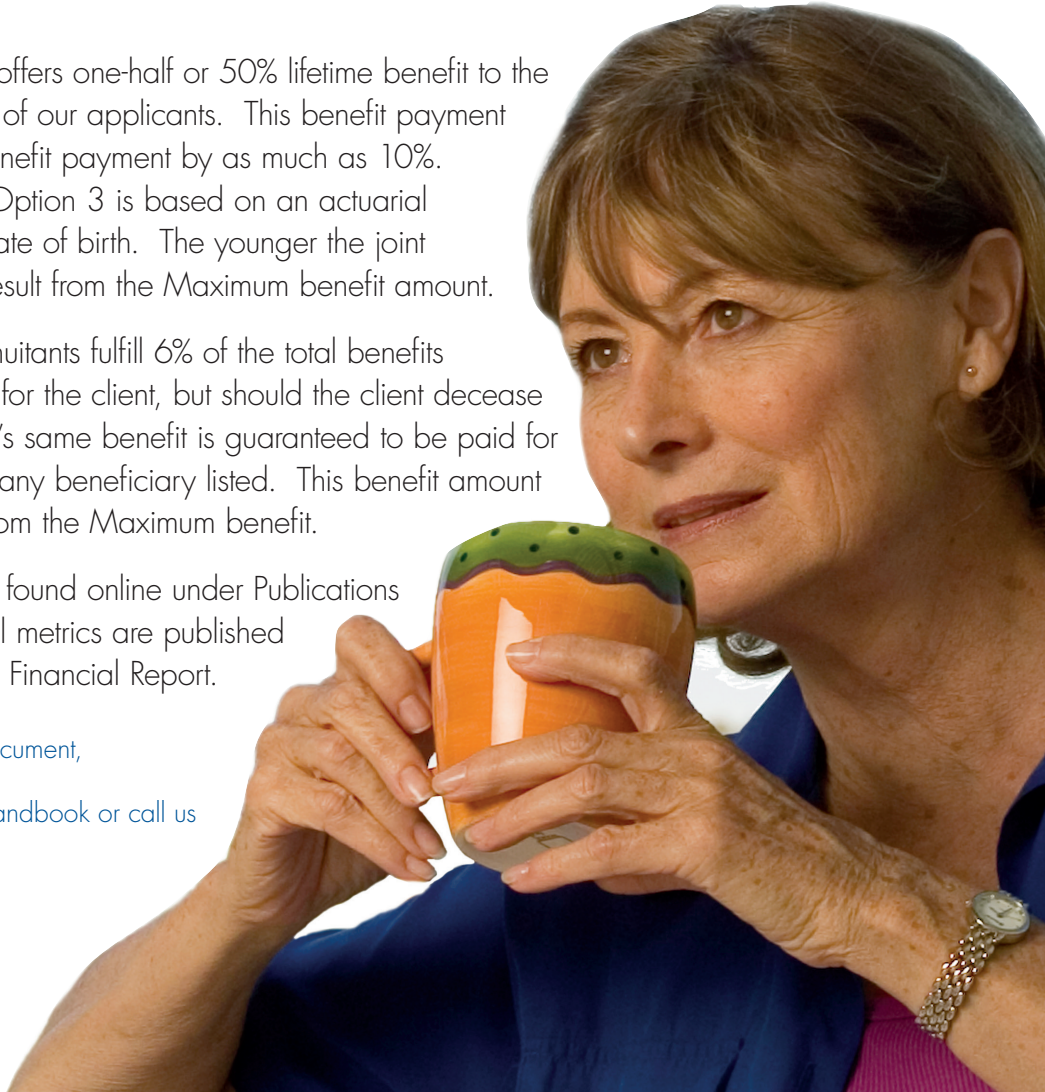
Other measurements of plan options selected reveal Option 1 was chosen by 24% of our retirees. Option 1 is reduced slightly from the Maximum benefit, but allows the client's account to be depleted at a slower rate, lasting approximately 10-11 years as opposed to the Maximum plan which depletes the client account after 2-3 years of retirement.

Option 3, a similar plan to Option 2, offers one-half or 50% lifetime benefit to the joint annuitant and is selected by 10% of our applicants. This benefit payment can be reduced from the maximum benefit payment by as much as 10%. The reduction for both Option 2 and Option 3 is based on an actuarial calculation using the joint annuitant's date of birth. The younger the joint annuitant – the greater reduction will result from the Maximum benefit amount.

Finally Option 4 and other special annuitants fulfill 6% of the total benefits chosen. Option 4 is a lifetime benefit for the client, but should the client decease within 10 years of retirement, the client's same benefit is guaranteed to be paid for 120 months from date of retirement to any beneficiary listed. This benefit amount may be reduced by as much as 5% from the Maximum benefit.

Greater detail of these options can be found online under Publications in our Client Handbook and additional metrics are published annually in our Comprehensive Annual Financial Report.

To view the entire *Timelines For Retirement* document, visit our website at www.ok.gov/TRS.
For more information, check out our Client Handbook or call us at 405) 521-2387 or (877) 738 6365.



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Have Questions? Need Help?

Here's how you can get in touch with us:

In person: Oliver Hodge Building, 5th Floor, 2500 N. Lincoln Blvd., Oklahoma City
On the phone: 1-877-738-6365 or 405-521-2387
On the web: www.ok.gov/TRS or facebook.com/okTRS

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A Message from the Chairman

By James Dickson
Chair
Oklahoma Teachers Retirement System

Pensions have been a hot topic in the media lately, and many of you have expressed concerns about the status of the Oklahoma Teachers Retirement System's pension fund. The OTRS Board of Trustees is comprised of a 13 members with professional and practical experience in education, administration, finance, investments, accounting, and government. Rest assured that the Board of Trustees is dedicated to fulfilling its fiduciary responsibility to administer, manage and monitor the OTRS Plan for the benefit of all OTRS members.

Recently, the actuaries engaged by OTRS reported that the projected time frame for the Plan to reach 100% funded status had decreased from 22 to 17 years. This decrease is the result of the Board's execution of a carefully designed and disciplined long-term investment strategy that has achieved annualized investment returns that have exceeded 9% since inception of the OTRS Plan.

The OTRS Board of Trustees and staff are focused on providing a high level of service to our clients, and it is our goal to ensure the long-term viability of the OTRS Plan, so that you can be assured that your well-earned retirement benefits will be available upon your retirement.