THE
ADVISOR
Quarterly Newsletter of the Oklahoma Teachers Retirement System

OKLAHOMA TEACHERS RETIREMENT SYSTEM

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The Future of Oklahoma Teachers Retirement System

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 solutions to the unfunded liability. 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 and 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.

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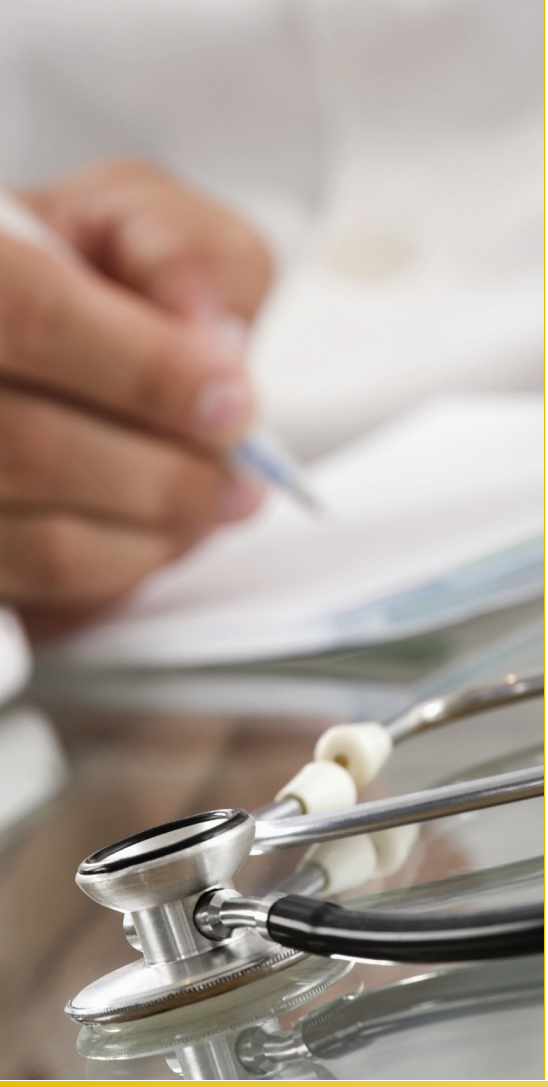


Health Insurance & Retirement

What You Need To Know

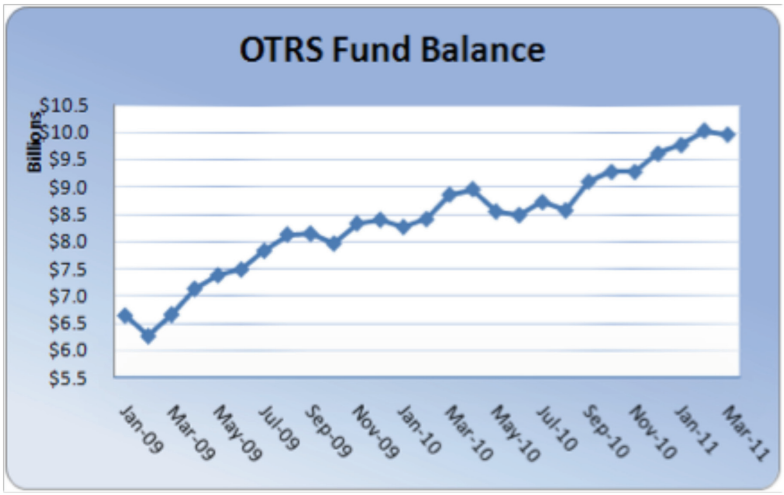
Understanding your health insurance coverage upon retirement is extremely important. For this reason, we want you to know vital information about the transition process.

The majority of our clients elect to keep the health insurance coverage they currently have through their employer. If you select this option, please be aware that your insurance premium will not be deducted from your retirement benefit check until after you have received your final check from your employer.

Your employer paid payroll check for July most often deducts the premium for the month of July. The August premium will be deducted from the retirement check beginning September 1.

On average, the insurance supplement paid by OTRS is $102. The supplemental amount will be deducted from your health insurance premium before being deducted from your benefit check. For more answers regarding health insurance, please visit our website at **www.ok.gov/trs**, or contact the Oklahoma State & Education Employees Group Insurance Board (OSEEGIB).

Quarterly Investment Review



Since the beginning of the year, the OTRS Fund has continuously realized exceptional rates of return on our investment portfolio. For fiscal year 2011, which began July 1, 2010, the Fund's total investments have realized a return of greater than 21 percent. As a result, the value of the Fund has increased over $1.8 billion.

During the first quarter of 2011, the market experienced a stark increase in uncertainty due to global influences. In spite of recent events, for the quarter ending March 31, 2011, our rate of return was 3.5 percent.

Even though we are seeing many positive indicators and a recovery in the financial markets, OTRS management remains concerned about the domestic economy. Developing macro-economic, natural and geopolitical events could present potential long-term impediments to growth.

Considering Post-Retirement Employment?

If you are considering post-retirement employment within the public education system in Oklahoma, you need to be aware of the requirements and restrictions set by our current statutes, as outlined below:

- You must have a 60 day break between your employment and date of re-hire
- Retirees under age 62 and retired fewer than 36 months may earn the lesser of $15,000 or one-half of their final average salary
- Retirees age 62 and older and retired fewer than 36 months may earn the lesser of $30,000 or one-half of their final average salary
- The earnings limits are prorated based on a calendar year. Earning more than the stated limits will reduce your monthly retirement benefit, dollar for dollar.

Once you have been retired for 36 months, OTRS does not limit the amount you may earn in post-retirement employment within Oklahoma public education. There are no restrictions on post-retirement employment with an employer who does not participate in OTRS regardless of your age, or date of retirement.

Retirement Checklist

Have you completed your checklist for retirement? Last winter, we published a list of important retirement timelines and deadlines. Let's now explore the process after you have requested your retirement contract packet.

Contract Items Checklist:

- Tax Withholding Election
- Notice of Final Payment
- Sick Leave Verification
- Direct-Deposit Request
- Spousal Consent Notice
- Insurance Supplement
- Partial Lump Sum
- Proof of Date of Birth

All documents including the contract must be in our office no later than 30 days prior to your expected date of retirement. If this deadline is missed, your retirement date must be postponed to the following month.

Post Retirement Reminders:

2011 Benefits Payment Schedule

Month	*Checks Mailed	EFT Deposits
July	July 1	Jun 30
Aug	Aug 1	July 31
Sep	Sep 1	Sep 1
Oct	Sep 30	Sep 30
Nov	Nov 1	Nov 1
Dec	Dec 1	Dec 1

*Clients who retired January 1, 2000 or later are required to receive benefit payments by electronic fund.

Oklahoma Teachers Retirement System

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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/tr

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The Final Word: The Necessity of Pension Reform

By James R. Wilbanks, Ph.D.
Executive Director
Oklahoma Teachers Retirement System

The increase in unfunded pension liability means Oklahoma cannot sustain the present level of benefits without making some changes. With the current condition of the state's economy, more money from the Legislature to rescue the under-funded plans seems highly unlikely. For this reason, other solutions must be explored, and the time is now.

We are aware that there are many rumors about changes to the retirement benefits for active and retired Clients of OTRS. At this time, we have seen nothing that leads us to believe there will be any major changes to the benefits of current retirees, nor the benefit formula for current active OTRS Clients.

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.

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.