Winter 2011 Volume 3 Issue 1

The Advisor

Quarterly Newsletter of the Oklahoma Teachers Retirement System

Oklahoma Teachers Retirement System

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AG Opinion Determines OTRS Will Receive $35 Million to Pay Teachers Retirement Benefits

An opinion issued by Oklahoma Attorney General Drew Edmondson says Oklahoma Teachers Retirement should receive its annual allocation from the State Department of Education. The matter was in dispute largely due to the Oklahoma Legislature not passing a line item directive to fund the credit for this fiscal year.

"We realize the State Department of Education was trying to make the best of an incredibly difficult budget year," said Dr. James Wilbanks, Executive Director. "But trying to balance their budget by ignoring the law and shorting the already financially imperiled OTRS was financially irresponsible."

Historically, $35 million is allocated in the State Board of Education's budget to send to OTRS to pay for these credits. The System applies that money toward the retirement plans of nearly 90,000 active teachers.

This year however, the State Board of Education did not receive the annual legislative line item request for specific programs such as the OTRS retirement credit. In July, the State Board of Education adopted a FY-2011 budget which did not allocate the money to OTRS for teachers' retirement contributions but instead directed it to other programs. The System requested the Attorney General's opinion at its August Board meeting.

"The State of Oklahoma has an obligation to its educators. I'm confident our legislators understand and support the decision of the Attorney General that this money should come to OTRS. I'm anticipating the State Department will rectify the situation," said Wilbanks.

Jerry Broadbent

Patsy McFall

Christina M. Nichols

Going Green Giveaway Winners

This fall, the Oklahoma Teachers Retirement System along with ING, sponsored the "Going Green Giveaway" campaign. This campaign is representative of our commitment to enhancing communication with our clients, as well as reducing operational expenses previously allocated for printed publications. As a result, 13,183 email addresses were received, and after a random drawing, five clients were chosen to win one of the five $100 gift cards.

GOING GREEN GIVEAWAY

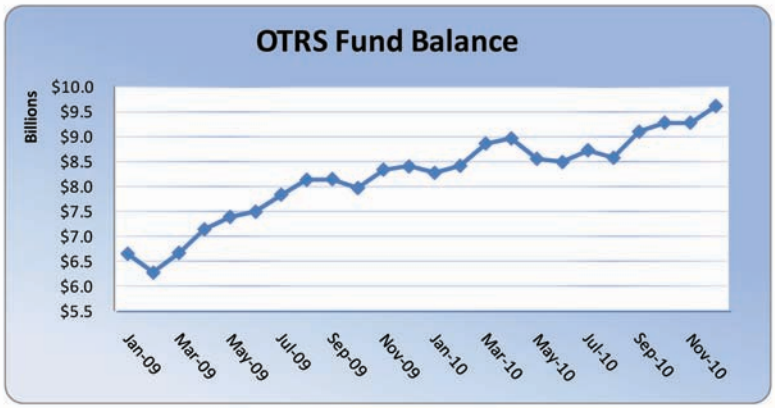
Submit your email for a chance to win a $100 Staples® Gift Card as you help us go green.

We are pleased to announce the winners are Jerry Broadbent of Oklahoma City, Allison Johnson of Weatherford, Patsy McFall of Edmond, Christina M. Nichols of Tulsa, and Wesley Skinner, of Ada. We would like to express our sincere appreciation to each of you who participated in our contest.

If you would like to be on our e-mail listing, please e-mail OTRS at www.mail@trs.ok.gov. Include your full name and mailing address. E-mail addresses will be kept confidential and will not be distributed in any way.

Investment Review

In the second half of 2010 the Fund continued to recover from the stark decline mostly all investments realized in 2008. For 2010 the Fund's investments realized a 15.75 percent return. These results, coupled with the tremendous 25 percent return realized in 2009, has allowed the fund to return to its pre 2008 value.



For the quarter, the Fund realized a return on investments of approximately 6.4 percent. Through the use of active investment management the Fund was able to outperform its policy benchmark by approximately one percent.

The broader US economy continues to see signs of improvement. The rate of unemployment is probably the most important measurement of the strength of the financial markets. The forecast of unemployment has continued to improve, declining to 9.7 percent, from greater than 10 percent in 2009. While this number is still historically high, the total number working continues to improve.

Despite the positive indicators and the recovery in the financial markets, OTRS management remains concerned about the potential of inflationary pressures, among other macroeconomic factors, that may have an effect on sustainable growth in the economy.

New Timelines for Retirement

In an effort to improve the efficiency and accuracy of the retirement finalization process, we are implementing new retirement timelines, as follows:

Step 1: Request a Retirement Allowance Estimate packet at least 60 days before the projected retirement date. To retire June 1, request an estimate by April 1.

Step 2: Return the completed Retirement Allowance Estimate (form 40.04) 45-90 days prior to retirement date. Once received, a retirement contract packet will be mailed to the client.

Step 3: Submit verification forms to your employer, complete the contract packet, and return all forms to OTRS.

Step 4: All forms must be on file 30 days prior to date of retirement. Submit by May 1 for a June 1 retirement date. No exceptions considered.

Step 5: Enjoy your retirement! Your first retirement check will be deposited the first day of the month following your retirement date.

Regional Retirement Planning Seminars Set for Spring 2011

Due to the overwhelming success of our fall series, we have scheduled five additional seminars for the Spring semester. The Spring schedule is as follows:

January 22	Tulsa Technology Center, Tulsa OK
January 29	Metro Technology Center, Oklahoma City, OK
February 12	Pioneer Technology Center, Ponca City, OK
February 26	Western Technology Center, Burns Flat, OK
March 5	Southern Oklahoma Technology Center, Ardmore, OK

In addition to Teacher Retirement information, the half-day seminars will provide information about social security services and other voluntary investment opportunities.

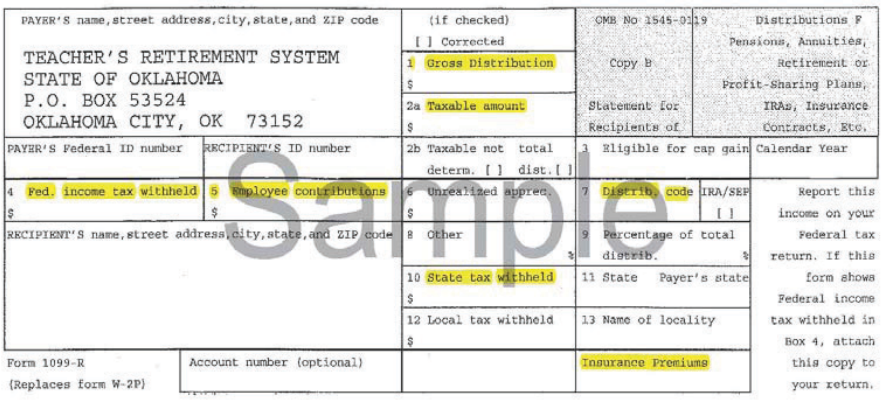
At each seminar, door prizes are awarded throughout the morning culminating with the drawing to win an Amazon Kindle. Each seminar will take place from 8 a.m. to noon. Registration is open to all OTRS clients on a first-come, first-serve basis. To register, visit www.ok.gov/TRS. For more information, call (405) 521-2387 or (877) 738-6365.

Understanding your 1099

Your annual IRS Form 1099R will be mailed during the month of January. If you have a professional tax advisor, we suggest you make this information available for his or her review.

Below is an explanation of the information displayed on each form:

- Gross Distribution (Box 1)
- Taxable Amount (Box 2a)
- Federal Income Tax Withheld (Box 4)
- Non Taxable Amount - Employee After Tax Contributions (Box 1 less Box 2a)
- Distribution Code – (Box 7) See explanation of codes on the reverse side of the 1099-R
- State Income Tax Withheld (Box 10)
- Insurance premiums withheld from taxable portion


PAYER'S name, street address, city, state, and ZIP code
TEACHER'S RETIREMENT SYSTEM
STATE OF OKLAHOMA
P.O. BOX 53524
OKLAHOMA CITY, OK 73152

(if checked) [ ] Corrected
1 Gross Distribution $
2a Taxable amount $
OMB No 1545-0119
Copy B
Statement for Recipients of
Distributions F Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, Etc.

PAYER'S Federal ID number
RECIPIENT'S ID number
2b Taxable not determ. [ ] total dist. [ ]
3 Eligible for cap gain
Calendar Year

4 Fed. income tax withheld $
5 Employee contributions $
6 Unrealized apprec. $
7 Distrib. code
IRA/SEP [ ]
Report this income on your Federal tax return. If this form shows Federal income tax withheld in Box 4, attach this copy to your return.

RECIPIENT'S name, street address, city, state, and ZIP code
8 Other %
9 Percentage of total distrib. %
10 State tax withheld $
11 State
Payer's state
12 Local tax withheld $
13 Name of locality

Form 1099-R (Replaces form W-2P)
Account number (optional)
Insurance Premiums

Sample

Oklahoma Teachers Retirement System
Post Office Box 53524
Oklahoma City, OK 73152-3542

PRSRTSTD
U.S. POSTAGE
PAID
Oklahoma
City, OK
Permit No. 61

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

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The Final Word:

Retirement Planning Seminars - A New Approach to Customer Service

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

During the course of the Fall 2010 semester, Oklahoma Teachers Retirement conducted five regional retirement planning seminars across the state. Due to the overwhelming response and success of the fall sessions, we have scheduled five additional regional seminars for the Spring 2011 semester.

The seminars are a new venture for the System, but a continuation of our commitment to providing our clients with the highest level of customer service. We are dedicated to fulfilling our pledge to better educate you about the retirement planning process.

The half-day seminars provide an overview of OTRS services and include presentations from the U.S. Social Security Administration as well as ING Financial Services®. The financial planning seminars are designed to ensure clients fully understand the financial options available for both pre- and post-retirement planning. It is vitally important for our clients' overall financial health to have as much information as is available about the various ways to plan for your retirement.

We want our clients, no matter your age, to have a "big picture" view of all financial services available that will help you retire comfortably.