



# OKLAHOMA TEACHERS RETIREMENT SYSTEM

James R. Wilbanks, Ph.D.  
Executive Director

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# Retirement System Overview

- Complex System
- Funding Status
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- Is your retirement safe?
  - Absolutely!

# Outline

- Contributions
- Retirement Eligibility
- Retirement Benefit Formula
- Education Employees Service Incentive Plan
- Retirement Plans
- Partial Lump Sum Option
- Preparing for Retirement
- Post-Retirement Employment
- Questions

# Contributions

Funding Source:	Account:
Client Contributions (7% of Total Compensation)	Client Account
Employer Contributions Dedicated State Revenue Investment Income	Retirement Benefit Fund

# Retirement Eligibility

	Rule of 80	Rule of 90
Entry Date	Up to June 30, 1992	July 1, 1992 – October 31, 2011
Eligibility	Age + Service = 80 or Age 62 + 5 Years	Age + Service = 90 or Age 62 + 5 Years
Final Average Salary	Highest 3 Years	Highest 5 Consecutive Years

# Retirement Eligibility

Rule of 90 /

Minimum Age 60

Entry Date

On or After November 1, 2011

Eligibility

Age + Service = 90

Minimum Age 60

Age 65 + 5 Years

Final Average Salary

Highest 5 Years

# Retirement Eligibility

## (Under Rule of 80 or 90)

- Early Retirement
  - Ages 55 – 61
  - Must be vested in System
  - 5 Years contributory Oklahoma service
  - **NOT** eligible under rule of 80 or 90

# Retirement Eligibility

## (Under Rule of 80 or 90)

### Early Retirement Adjustment Factors

<u>Age</u>	<u>Percent</u>
55	52.16
56	57.06
57	62.47
58	68.46
59	75.12
60	82.53
61	90.78

# Retirement Eligibility

## (Rule of 90/Minimum Age 60)

- Early Retirement
  - Ages 60 - 64
  - Must be vested in System
  - 5 Years contributory Oklahoma service
  - NOT eligible under rule of 90

# Retirement Eligibility

## (Rule of 90/Minimum Age 60)

### Early Retirement Adjustment Factors

<u>Age</u>	<u>Percent</u>
60	65.00
61	73.00
62	80.00
63	86.00
64	93.00
65	100.00

# Retirement Benefit Formula

- Basic Formula
  - Final Average Salary x 2% x Years of Service

# Retirement Benefit Formula

- Basic Formula
  - Final Average Salary x 2% x Years of Service
- Prior to July 1, 1995
  - Contributions were paid on either \$25,000 or \$40,000
  - Those years are capped
- Results in a Two-Tiered Calculation

# Retirement Formula

## Benefit Tiers

	Capped	Uncapped
Years	To June 30, 1995	Since July 1, 1995
Salary Base	Up to \$25,000 or \$40,000	Total Compensation
Benefit	Cap x 2% x Years of Service through June 30, 1995	FAS x 2% x Years of Service since July 1, 1995

Add capped benefit amount & uncapped benefit amount to determine total benefit. \*Will be different for Higher Ed employees.

# Education Employees Service Incentive Plan (EESIP)

- EESIP also known as *Wear-Away*
- Converts Capped Years of Service to Uncapped
  - Must reach full retirement eligibility
    - Rule of 80, 90 or Age 62
  - Each year of additional service
    - Moves 2 years from Capped to Uncapped
- EESIP can increase benefit significantly

# Retirement Plans

## ■ 5 Retirement Plans

### ■ Maximum Retirement Plan

- Lifetime Benefit for Client
- \$5,000 Death Benefit to Beneficiary(ies)
- Highest Monthly Benefit Amount
- Any Balance in Client Account upon Client's death is paid to Beneficiary(ies) or Estate

# Retirement Plans

## ■ 5 Retirement Plans

### ■ Retirement Option 1

- Lifetime Benefit for Client
- \$5,000 Death Benefit to Beneficiary(ies)
- 99.0% of Maximum Benefit
- Slower use of Client Account to pay benefits
- Any Balance in Client Account upon Client's death is paid to Beneficiary(ies) or Estate

# Retirement Plans

## ■ 5 Retirement Plans

### ■ Retirement Option 2

- Lifetime Benefit for Client
- \$5,000 Death Benefit to Beneficiary(ies)
- Client designates Joint Annuitant at retirement
- After Client's death Joint Annuitant continues to receive same benefit as Client
- 85%-95% of Maximum Benefit
- Pop-up Provision

# Retirement Plans

## ■ 5 Retirement Plans

### ■ Retirement Option 3

- Lifetime Benefit for Client
- \$5,000 Death Benefit to Beneficiary(ies)
- Client designates Joint Annuitant at retirement
- After Client's death Joint Annuitant continues to receive one-half the Client's benefit
- 91%-97% of Maximum Benefit
- Pop-up Provision

# Retirement Plans

## ■ 5 Retirement Plans

### ■ Retirement Option 4

- Lifetime Benefit for Client
- \$5,000 Death Benefit to Beneficiary(ies)
- Guarantees Client's full benefit for 120 months
  - If Client dies within 120 month of retirement, Beneficiary continues to receive the Client's full benefit until the 120<sup>th</sup> month after retirement
- 96%-99% of Maximum Benefit

# Partial Lump Sum Option

- Client may elect at retirement
  - Also known as PLSO
- Must have 30 Years of Service to Qualify
- Equal to 12, 24, or 36 months of Retirement Benefit
- Reduces the Retirement Benefit associated with the 5 Retirement Plans
  - Reduction based on Age and months in PLSO

# Partial Lump Sum Option

## Partial Lump Sum Option Adjustment Factors

Age	12 Months	24 Months	36 Months
50	91.44%	82.88%	74.32%
55	91.06%	82.12%	73.17%
60	90.50%	80.74%	71.52%
65	89.72%	79.45%	69.18%
70	88.62%	77.23%	65.85%
75	86.96%	73.93%	60.89%

# Preparing for Retirement

- ❑ Step 1 - Complete and return:
  - ❑ Pre-Retirement Information Verification (PIV) along with all required documentation
  - ❑ Online @ [www.ok.gov/trs](http://www.ok.gov/trs)
  - ❑ Contact the Oklahoma Teachers Retirement System
    - ❑ 405.521.2387
    - ❑ 1.877.738.6365

# Preparing for Retirement

## ❑ Step 1 – PIV

### ❑ The Following Information is Required 90 Days Prior to Retirement

- ❑ Your name and complete mailing address
- ❑ Your Social Security Number
- ❑ Your Birth Certificate (Copy)
- ❑ Requested Retirement Date
- ❑ Joint Annuitant's Birth Certificate (if necessary)
- ❑ Sick Days (Verification Required for 120 days)
- ❑ Your Estimate will arrive within 2 - 4 weeks via U.S. mail

# Preparing for Retirement

- Step 2 – Review the Retirement Estimate or Intent to Retire



## OKLAHOMA TEACHERS RETIREMENT SYSTEM

PO BOX 53524 OKLAHOMA CITY, OKLAHOMA 73152  
(405) 521-2387 OR TOLL FREE (877) 738-6365

11/13/2012  
Client ID: Q01

### RETIREMENT ALLOWANCE ESTIMATE

Retirement Date	7/1/2013		
Retirement Age	55		
Birthdate	11/26/1957		
Joint Annuitant Birthdate	12/8/1952		
Joint Annuitant Age	60		
Total Deposits	\$64,689.77		

Tier	Years	Salary
Post-95: Uncapped	18.00	\$60,021.38
Pre-95: \$40K	7.00	\$40,000.00
<b>Career</b>	<b>25.00</b>	<b>\$54,415.39</b>

**Maximum Monthly Benefit:** 2% x Career Salary x Career Years / 12  
*Career Salary represents salary from each service tier weighted by the number of years in each tier.*

Retirement Options				
	No PLSO	PLSO 12	PLSO 24	PLSO 36
Max Option Monthly Benefit	\$2,267.31	N/A	N/A	N/A
Option 1 Monthly Benefit	\$2,260.78	N/A	N/A	N/A
Option 2 Monthly Benefit	\$2,136.83	N/A	N/A	N/A
Option 3 Monthly Benefit	\$2,200.13	N/A	N/A	N/A
Option 4 Monthly Benefit	\$2,248.56	N/A	N/A	N/A
Lump Sum Taxable	\$0.00	N/A	N/A	N/A
Lump Sum Non-Taxable	\$0.00	N/A	N/A	N/A
Total Lump Sum Payment	\$0.00	N/A	N/A	N/A
Lump Sum Multiplier	100.00%	N/A	N/A	N/A

**Notes:**  
Estimate includes 120 days unused sick leave to be verified by employer. Service assumes full time employment through school year 2013.

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**Intent To Retire:**  
Complete, and return this entire form after April 01, 2013 to receive retirement contract documents. All documents and balances are due June 01, 2013 to retire July 01, 2013 to receive first check August 01, 2013.

**I request the following Retirement Option:**  
Maximum    Option 1    Option 2    Option 3    Option 4

**I request a Partial Lump Sum of:**  
None    12 Months    24 Months    36 Months

We understand that **only** if the Option 2 or 3 is elected, a lifetime benefit will be awarded to a joint annuitant to be named on the final contract without the right to make a later change after effective date of retirement.

Member's Signature \_\_\_\_\_ Date \_\_\_\_\_

Spouse's Signature \_\_\_\_\_ Date \_\_\_\_\_ OR \_\_\_ I have no legal spouse.

A final audit may reveal deviations from this estimate. Corrections must be made and may change the amount indicated above.

# Preparing for Retirement

- ❑ Step 3 – Complete the Intent to Retire
  - ❑ Decide which Retirement Plan is best for you
  - ❑ Sign and Date
  - ❑ Return to the Oklahoma Teachers Retirement System at least 60 days before your retirement

# Preparing for Retirement

- ❑ Step 4 – Final Retirement Contract
  - ❑ A Final Retirement Contract will be sent
  - ❑ Sign, date and have it notarized
  - ❑ Return the Contract at least 30 days prior to your retirement
    - ❑ Your Contract must be received at least 30 days prior to your retirement

# Preparing for Retirement

- ❑ Step 4 – Final Retirement Contract
  - ❑ Retirement Timeline Example

Submit Final Contract	May 1
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Retirement Date	June 1
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First Retirement Check	July 1
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# Preparing for Retirement

## □ Step 4 – Final Retirement Contract

### □ Contract Changes

Contract changes for Plan Options 1 – 4 must occur within 60 days of effective date of retirement.

However, you may not change your retirement date, or your joint annuitant.

# Preparing for Retirement

## Step 5 – Relax and Enjoy a Well Earned Retirement



# Post-Retirement Employment

- Limits apply to Oklahoma Teachers Retirement System Contributory Employment:
  - Oklahoma Public Schools
  - Other Reporting Entities
    - Oklahoma State Department of Education
    - Oklahoma Regents for Higher Education
    - Oklahoma Teachers Retirement System
  
- Must be Retired for at least 60 Calendar Days

# Post-Retirement Employment

- If Retired Less than 36 Months:
  - Prior to Age 62
    - Lesser of \$15,000 or One-half of Final Average Salary
  - Age 62 to and over
    - Lesser of \$30,000 or One-half of Final Average Salary
  
- If Retired More than 36 Months:
  - No Earnings Limit

# Questions

- I may not know the answer – and I will tell you when that is the case!



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