Retirement System Overview

- Complex System

- Funding Status
  - 49.8% Actuarially Funded

- FY-2010 Investment Returns
  - 16.65%

- 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

<table>
<thead>
<tr>
<th>Funding Source:</th>
<th>Account:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Contributions</td>
<td>Client Account</td>
</tr>
<tr>
<td>(7% of Total Compensation)</td>
<td></td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>Retirement Benefit Fund</td>
</tr>
<tr>
<td>Dedicated State Revenue</td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td></td>
</tr>
</tbody>
</table>
### Retirement Eligibility

<table>
<thead>
<tr>
<th>Entry Date</th>
<th>Rule of 80</th>
<th>Rule of 90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before June 30, 1992</td>
<td>Age + Service = 80 or Age 62 + 5 Years</td>
<td>After July 1, 1992 Age + Service = 90 or Age 62 + 5 Years</td>
</tr>
<tr>
<td></td>
<td>Highest 3 Years</td>
<td></td>
</tr>
</tbody>
</table>

**Final Average Salary**

- Highest 3 Years
- Highest 5 Consecutive Years
Retirement Eligibility

- **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

<table>
<thead>
<tr>
<th>Age</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>61.89</td>
</tr>
<tr>
<td>56</td>
<td>65.95</td>
</tr>
<tr>
<td>57</td>
<td>70.38</td>
</tr>
<tr>
<td>58</td>
<td>75.23</td>
</tr>
<tr>
<td>59</td>
<td>80.00</td>
</tr>
<tr>
<td>60</td>
<td>86.66</td>
</tr>
<tr>
<td>61</td>
<td>93.33</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Years</th>
<th>Capped</th>
<th>Uncapped</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To June 30, 1995</td>
<td>Since July 1, 1995</td>
</tr>
<tr>
<td></td>
<td>Up to $25,000 or $40,000</td>
<td>Total Compensation</td>
</tr>
<tr>
<td>Salary Base</td>
<td>Cap x 2% x Years of Service through June 30, 1995</td>
<td>FAS x 2% x Years of Service since July 1, 1995</td>
</tr>
<tr>
<td>Benefit</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Add capped benefit amount & uncapped benefit amount to determine total benefit.
Retirement Plans

5 Retirement Plans

- All 5 Plans Offer the following:
  - Lifetime Benefit for Client
  - $5,000 Death Benefit to Beneficiary(ies)
  - Clients with 30 years of service may elect to receive a Partial Lump Sum (PLSO)
Retirement Plans

- Maximum Retirement Plan
  - Highest Monthly Benefit Amount – 100% of retirement formula
  - Any Balance in Client Account upon Client’s death is paid to Beneficiary(ies) or Estate
  - Account balance exhausted within 2-3 years
  - If elect to receive PLSO, account balance if depleted immediately
Retirement Plans

- Retirement Option 1
  - 99.8% 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
  - Account balance exhausted in approximately 11 years
Retirement Plans

- **Retirement Option 2**
  - Least monthly benefit for Client
  - Client designates Joint Annuitant at retirement
  - After Client’s death Joint Annuitant continues to receive same benefit as Client
  - 93.2% of Maximum Benefit
  - Pop-up Provision
Retirement Plans

- **Retirement Option 3**
  - Monthly reduction not as large as Option 2
  - Client designates Joint Annuitant at retirement
  - After Client’s death Joint Annuitant continues to receive one-half the Client’s benefit
  - 96.5% of Maximum Benefit
  - Pop-up Provision
Retirement Plans

- **Retirement Option 4**
  - 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 120th month after retirement
  - 99.0% 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**

<table>
<thead>
<tr>
<th>Age</th>
<th>12 Months</th>
<th>24 Months</th>
<th>36 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>91.31%</td>
<td>82.61%</td>
<td>73.92%</td>
</tr>
<tr>
<td>55</td>
<td>90.91%</td>
<td>81.82%</td>
<td>72.73%</td>
</tr>
<tr>
<td>60</td>
<td>90.34%</td>
<td>80.68%</td>
<td>71.02%</td>
</tr>
<tr>
<td>65</td>
<td>89.50%</td>
<td>78.99%</td>
<td>68.49%</td>
</tr>
<tr>
<td>70</td>
<td>88.25%</td>
<td>76.51%</td>
<td>64.76%</td>
</tr>
<tr>
<td>75</td>
<td>86.44%</td>
<td>72.89%</td>
<td>59.33%</td>
</tr>
</tbody>
</table>
Preparing for Retirement

- **Step 1 - Request your Benefit Estimate**
  - Contact the Oklahoma Teachers Retirement System
    - 405.521.2387
    - 1.877.738.6365
    - mail@trs.ok.gov
Preparing for Retirement

- Step 1 - Request your Benefit Estimate

  - The Following Information is Required
    - Your name and complete mailing address
    - Your Social Security Number
    - Your Date of Birth
    - Retirement Date
    - Joint Annuitant’s Date of Birth (if necessary)
    - Expected Number of Unused Sick Days at Retirement

  - Your Estimate will arrive within 2 weeks via U.S. mail
Preparing for Retirement

- Step 2 – Review the Estimate

Oklahoma Teachers' Retirement System
State Capitol Post Office Box 53524
Oklahoma City, Oklahoma 73152
405-521-2387 OR TOLL FREE 1-877-738-6365

RETIREMENT ALLOWANCE ESTIMATE

(THIS IS NOT A RETIREMENT CONTRACT)

09/20/10 01LJG

TEACHER TERRY R
2500 N LINCOLN BLVD
OKLAHOMA CITY OK 73105

Retirement Date........... 06/01/11
Retirement Age.............. 55
Birthdate.................. 08/25/55
Occupation................ CLASSIFIED
Sex......................... FEMALE
Beneficiary Birthday .. 07/15/54
Beneficiary Age ........... 56

Service:
Oklahoma ............... 30
Military ................ 0
Out of State ............. 0
Other Service .......... 1
Total Service ............ 31
Total Deposits ........... $ 56,870.13

Average Salary .......... $ 43,797

MAXIMUM MONTHLY BENEFIT = 2% x AVERAGE SALARY x YEARS OF SERVICE / 12.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Monthly Benefit</th>
<th>Factor</th>
<th>% Of Max</th>
<th>Annuity Opt-1-Red</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAXIMUM</td>
<td>2262.85</td>
<td>7.57600</td>
<td>100.0</td>
<td></td>
</tr>
<tr>
<td>OPTION-1</td>
<td>2254.83</td>
<td>7.43500</td>
<td>99.6</td>
<td>422.83</td>
</tr>
<tr>
<td>OPTION-2</td>
<td>2090.94</td>
<td>7.00047</td>
<td>92.4</td>
<td></td>
</tr>
<tr>
<td>OPTION-3</td>
<td>2173.50</td>
<td>7.27688</td>
<td>96.1</td>
<td></td>
</tr>
<tr>
<td>OPTION-4</td>
<td>2236.11</td>
<td>7.48648</td>
<td>98.8</td>
<td></td>
</tr>
</tbody>
</table>

AVERAGE SALARY IS BASED ON YEAR-TO-DATE EARNINGS.
OTHER SERVICE=120 DAYS UNUSED SICK LEAVE TO BE VERIFIED UPON RETIREMENT.
ESTIMATE ASSUMES WORKING THROUGH SCHOOL YEAR IN WHICH RETIREMENT OCCURS.

This form must be on file with the Oklahoma Teachers' Retirement System
after MAR 1 and the retirement contract filed by MAY 1, to retire JUN 1
and receive your first benefit by JUL 1.
Preparing for Retirement

- Step 2 – Review the Retirement Estimate
  - Decide which Retirement Plan is best for you
  - Sign and Date
  - Return to the Oklahoma Teachers Retirement System between 60 and 90 days before your retirement
Preparing for Retirement

- **Step 3 – Final Retirement Contract**
  - A Final Retirement Contract will be sent
  - Sign, date and have it notarized
  - Return Contract at least 30 days prior to your retirement
    - Your Contract and all other supporting documents must be received at least 30 days prior to your retirement
Preparing for Retirement

- Step 3 – Final Retirement Contract
  - Retirement Timeline Example

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submit Final Contract Documents</td>
<td>May 1</td>
</tr>
<tr>
<td>Retirement Date</td>
<td>June 1</td>
</tr>
<tr>
<td>First Retirement Check</td>
<td>July 1</td>
</tr>
</tbody>
</table>
Preparing for Retirement

- Step 3 – 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 4 – 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

- We will do our very best to address all of your questions and comments.