

OPERS Informational Webinar

Presented by the Oklahoma Public Employees Retirement System



2024



Your Presenter

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Handouts

OPERS Informational Webinar
Presented to the Oklahoma Public Employees Retirement System

OPERS OKLAHOMA

2023

Your Presenter

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OPERS is a Defined Benefit Plan

- You and your employer pay contributions.
- You must work until meeting eligibility.
- Receive lifetime benefits based on a formula.

How do I calculate my benefit?

Final Average Salary	\$30,000
Service Credit	25
X Computation Factor (2%)	.02
Lifetime Annual Benefit	\$15,000
	\$1,250 monthly

Interest terms, all other conditions, and formulas are in the handbook.

opers.ok.gov/benefit-estimator opers.ok.gov/benefit-credit

EssentialOPERS

STATE & LOCAL GOVERNMENT EMPLOYEES

The Oklahoma Public Employees Retirement System (OPERS) is a defined benefit retirement plan qualified under Section 401(a) of the Internal Revenue Code. Participation in OPERS is mandatory for eligible state and local government employees. OPERS provides you a lifetime retirement benefit when you meet the eligibility requirements described below.

You participate in OPERS by contributing a portion of your salary each pay period. Your employer also contributes on your behalf. The amount of your contributions does not determine the amount of the benefit OPERS promises you. Your benefits are determined by a formula which includes your salary and years of credited service. The paid contributions are invested, under the direction of the OPERS Board of Trustees, to provide lifetime retirement benefits to eligible members.

This handout is an overview describing OPERS plan provisions as of July 1, 2020. It is not a plan document and does not create any type of binding obligation, contract or promise to pay benefits. OPERS reserves the right to correct any errors contained herein to comply with federal or state statutes. For more information, refer to the member handbook available online at www.opers.ok.gov.

Membership and Participation

Participation in OPERS begins on the first day of the month immediately following the beginning date of your employment, provided that all of the following apply*:

- Your position is **permanent**, not seasonal, or temporary; and,
- Your position requires at least 1,000 hours of work per year; and,
- Your salary is equal to or greater than the minimum wage.

Contributions

Current contribution rates are 3.5% for state employees and 16.5% for state agencies.

Local government employers choose the rate at which the organization and employee will contribute for a total of 20%. For more details on the contribution rates of a participating local government organization, see your Retirement Coordinator.

Vesting

Vesting means you have accumulated enough service credit to entitle you to a lifetime monthly retirement benefit in the future. You must have eight years' of credited service (including six full years of full-time-equivalent employment*) to be eligible to vest your OPERS benefit.

Eligibility for Normal Retirement Benefits

If you became a member of OPERS before November 1, 2011:

- Age 62** – You can begin receiving full, unreduced retirement benefits when you are at least age 62 with six full years of full-time-equivalent employment*; or
- 80 Points** – You can begin receiving full, unreduced retirement benefits when the sum of your age and years of service equals 80 if you became a member before July 1, 1992; or
- 90 Points** – You can begin receiving full, unreduced retirement benefits when the sum of your age and years of service equals 90 if you became a member on or after July 1, 1992.

If you became a member of OPERS on or after November 1, 2011:

- Age 65** – You can begin receiving full, unreduced retirement benefits when you are at least age 65 with six full years of full-time-equivalent employment*; or
- 90 Points** – You can begin receiving full, unreduced retirement benefits when you are at least 60 years of age and the sum of your age and years of service equals 90.

Eligibility for Early Retirement Benefits

If you became a member of OPERS before November 1, 2011:

- You can begin receiving reduced retirement benefits once you have reached age 55 and have at least 10 years' of participating service.

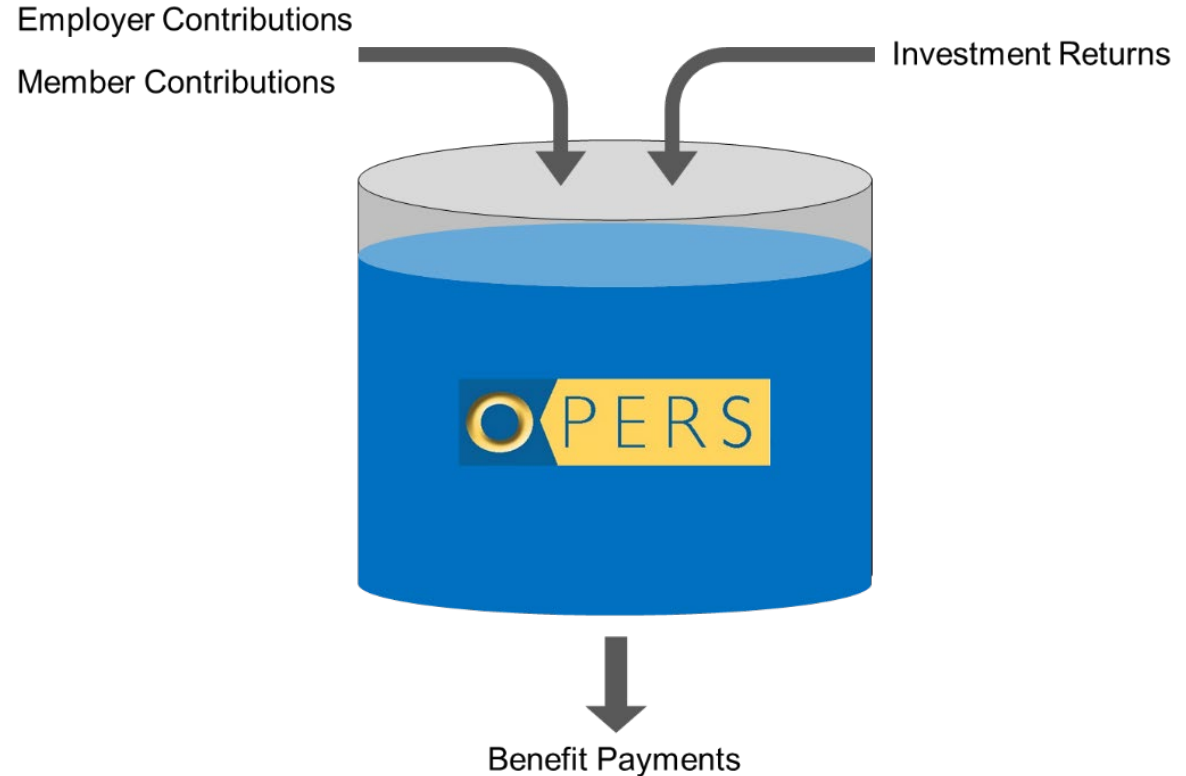
If you became a member of OPERS on or after November 1, 2011:

- You can begin receiving reduced retirement benefits once you have reached age 60 and have at least 10 years' of participating service.

If you choose early retirement, you will receive a **permanent** actuarial reduction in your benefit based on your age at retirement.

OPERS is a Defined Benefit Plan

- You and your employer pay contributions.
- You must work until meeting eligibility.
- Receive lifetime benefits based on a formula.



How do I calculate my benefit?

	Final Average Salary	\$30,000
	Service Credit	25
X	Computation Factor (2%)	.02
<hr/>		<hr/>
	Lifetime Annual Benefit	\$15,000
		\$1,250 monthly

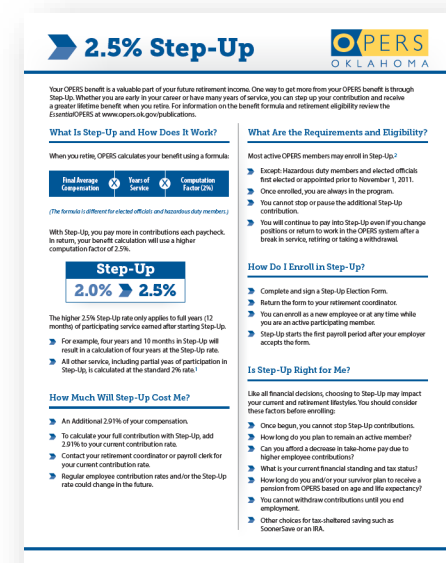
The benefit formula is different for members first entering OPERS on or after November 1, 2012.

2.5% Step-Up Program

Program basics:

- Increases computation factor from 2.0% to 2.5%
- Additional contribution required (currently 2.91%, subject to change)
- Irrevocable election to participate
- Not available to Hazardous Duty members

More information available in Step-Up brochure and on the OPERS website



Unused Sick Leave

Hours of Unused Sick Leave	Months of OPERS Service Credit
0 – 159	0
160 – 319	1
320 – 479	2
480 – 639	3
640 – 799	4
800 – 959	5
960 (maximum)	6

*Rounding eliminated for members who begin on or after November 1, 2012. These members will be credited with full years and months of participation.

Unused Sick Leave Examples

When it adds a year:

21 years 0 months	Service Credit
+ 6 months	Unused Sick Leave
<hr/>	
21 years 6 months	Total Service
22 years	Total Service Credit

When it does NOT add a year:

21 years 9 months	Service Credit
+ 6 months	Unused Sick Leave
<hr/>	
22 years 3 months	Total Service
22 years	Total Service Credit

Normal Retirement Eligibility

Members who began participation in OPERS **before November 1, 2011**

Age 62 with 6 years of full-time equivalent employment

OR

80 points (age + service credit) if you initially became a member before July 1, 1992

OR

90 points (age + service credit) if you initially became a member on or after July 1, 1992

Members who began participation in OPERS **on or after November 1, 2011**

Age 65 with 6 years of full-time equivalent employment

OR

90 points (age + service credit) and at least 60 years of age

Early Retirement Eligibility

Members who began participation in OPERS **before November 1, 2011**

- Ages 55 to 62
- 10 years of participating service
- Permanently reduced benefits

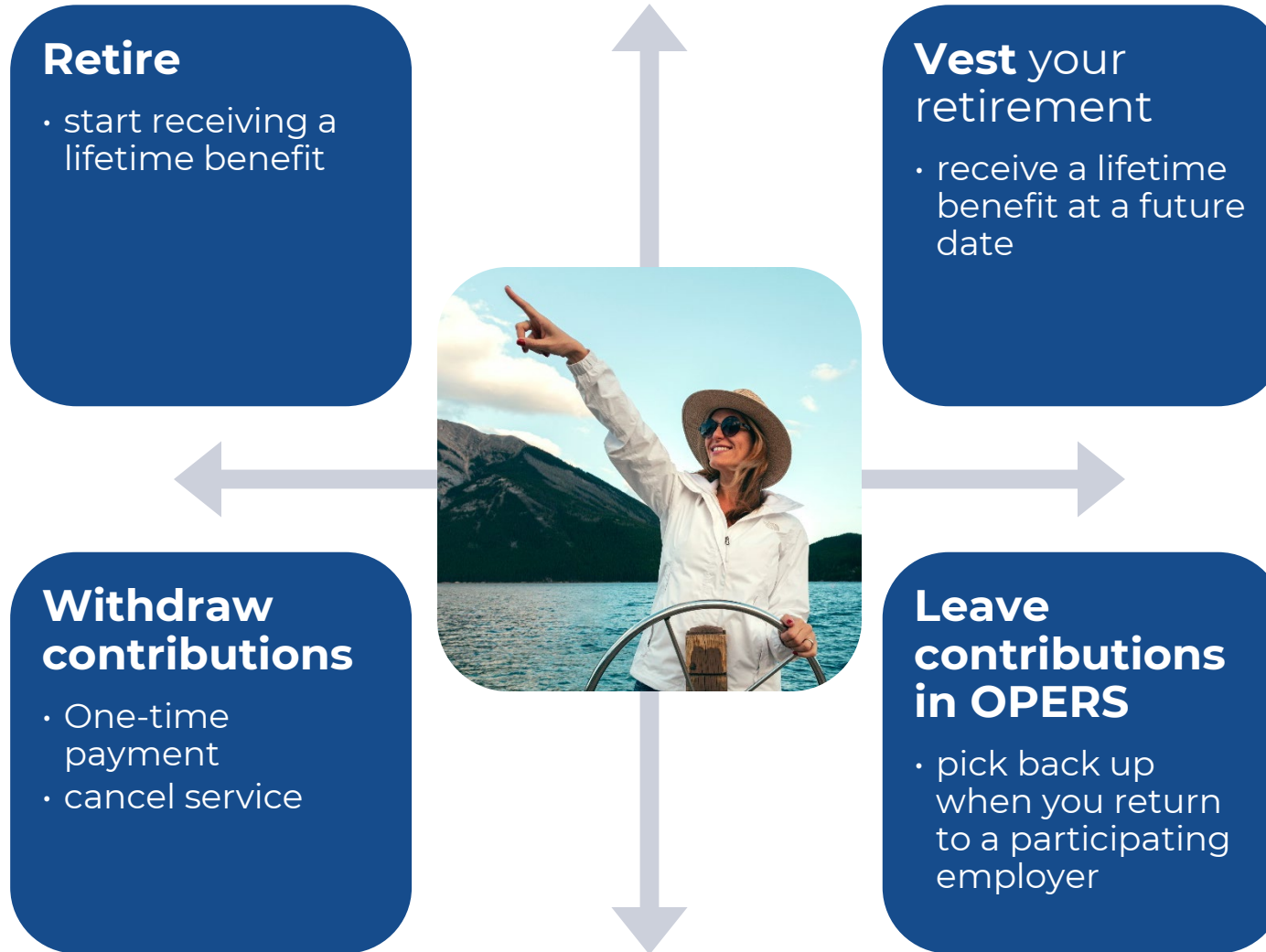
Early Retirement Reduction Factors	
Age	Percentage
62	100.00
59	80.00
57	66.67
55	60.00

Members who began participation in OPERS **on or after November 1, 2011**

- Ages 60 to 65
- 10 years of participating service
- Permanently reduced benefits

Early Retirement Reduction Factors	
Age	Percentage
65	100.00
63	86.67
61	73.33
60	66.67

Four Possible Paths



Vesting

Vesting = Your Right to a Future Benefit

- Must have 8 years of credited service.
- Of the 8 years needed, at least 6 of those years must be full-time equivalent employment with a participating OPERS employer.
- Vesting is automatic. However, you will need to request a benefit calculation estimate to see how much you will receive in retirement.


Vesting Examples



Zelda, age 33
Service: 9 years

Vests Benefit
29 years

Draws benefit
Age 62



George, age 52
Service: 25 years

Vests Benefit
3 years

Draws benefit
Age 55
(Rule of 80)

Taking a Withdrawal

- Taxable contributions subject to 20% federal and 5% state taxes (additional 10% penalty for early distribution before the age of 59½).
- Withdrawn contributions may be rolled over to another retirement plan accepting rollovers or an Individual Retirement Account and taxes deferred until distributed.
- Payment will not be made until the **fifth** month following date of termination.
- Call OPERS for a Withdrawal Packet

Withdrawal & Vesting Comparison

Sally, age 34, leaves after 10 years. Her salary during that time was \$33,000.

Sally takes withdrawal

\$11,500 Contributions

less 25% taxes

less 10% early penalty

**Total withdrawal:
\$7,507.50**

One-time payment

2 years = \$13,200 10 years = \$66,000

Sally vests her benefit

Normal eligibility at 62

Benefit: \$550/month

**Break even point:
14 months**

Life-time payment

20 years = \$132,000 30 years = \$198,000

Retirement Timeline

At least 2 years before

- Request a benefit calculation

3 to 6 months before

- Contact retirement coordinator

60 days before

- *Retirement Application* deadline

45 day before

- Acknowledgement

15 days before

- Preliminary statement

Retirement Day

55 days after

- Final benefit statement

60 days after

- First two deposits

Applying for Retirement

Retirement application process is now digital!

Retirement Application page

- How to videos
- Instructions
- List of documents to gather

www.opers.ok.gov/retire

Retirement Application

View Seminar Schedule
Determine Your Eligibility
Calculate Your Benefits

Congratulations! You have made the decision to start the retirement process. Retiring from work is a major milestone, and one of the most important decisions you will make in your lifetime. Retirement books and fees differ to each individual, but OPERS has many resources available to help you understand planning and timelines.

Watch this video for a tutorial on completing and digitally signing the retirement application.

Before you start the application...

You will be asked to upload or provide information while completing the retirement application. To expediate the application process, have the following ready and available to upload before beginning.

Information Needed to Complete Application

Have the follow information easily accessible before starting the retirement application.

- Your [retirement date](#)
- Your [retirement option](#)
- Spouse information, if applicable. Information will include name, date of birth, Social Security number and address.
- Beneficiary information for [retiree death benefits](#). Information will include name, relationship, date of birth, Social Security number and address.

Documents to Upload

Have PDFs or images of the following documents ready to upload while completing the form. Files uploaded should include the entire document, including headers and footers, and be clearly legible.

- A [welded check](#) or letter from your financial institution to set up your [direct deposit](#)
- Proof of your [divorce status](#) and your joint annuitant, if applicable.
- Documentation of your current marital status (e.g., marriage license, divorce decree or death certificate)

Digital Signature & Submitting Your Retirement Application

After completing the online retirement application, you will receive an email with instructions to digitally sign your retirement application through OneTrust. Your applications will not be submitted to OPERS until after it is digitally signed. You must follow the instructions and sign your application within the [posting deadline](#) for your intended retirement date.

Are You Ready to Begin?

Click on the button below to start your Retirement Application.

[Start Retirement Application](#)

ADDITIONAL RESOURCES

- [About a Fee Retirement Seminar](#)
- [Retirement Eligibility](#)
- [Benefit Formula](#)
- [Benefit Options](#)
- [Retirement Coordinator Information](#)
- [Employees Group Insurance Division](#)
- [Federal and Oklahoma Taxes](#)
- [Direct Deposit Information](#)
- [Beneficiary Information](#)

OPERS OKLAHOMA
D K L A H O M A

Home | About | Publications/Forms | Member Account | Active Members | Retired Members | Employers | Retirement Planning | SaverSave | Pathfinder

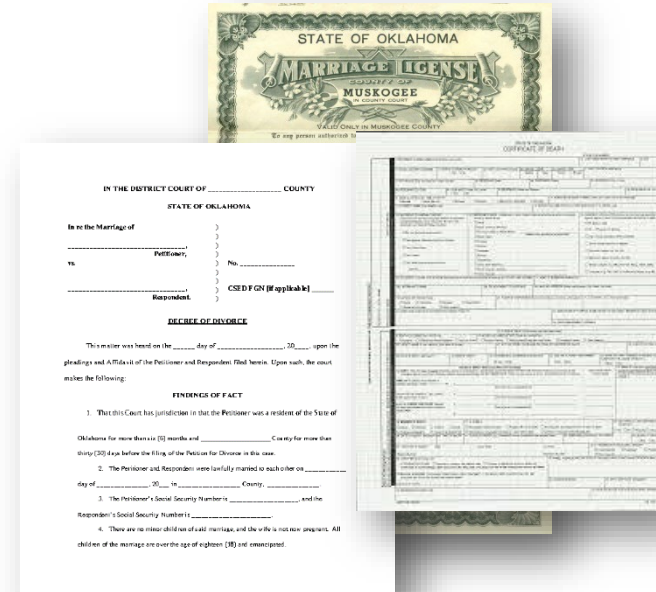
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Request for Vital Documents

Proof of Birth



Proof of Marital Status



Be proactive and send these documents to OPERS today!

Legible copies of these documents are accepted

Retired Member Death Benefit

\$5,000 to your beneficiary(ies)

- Not life insurance
- Paid by OPERS
- Taxed as ordinary income
- Can be rolled over to defer taxes if 1) spouse is beneficiary, or 2) a non-spouse beneficiary rolls it over to an Inherited IRA

Taxation of Retirement Benefits

- Benefits are considered income for tax purposes.
- You can have state and federal taxes withheld from your retirement benefits.
- OPERS will send you a 1099-R at the end of January each year.
- In the State of Oklahoma, the first \$10,000 of your benefit is excluded from Oklahoma income taxation.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		OMB No. 1545-0119		2023 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		
		1 Gross distribution \$				2a Taxable amount \$	
PAYER'S TIN RECIPIENT'S TIN		Total distribution <input type="checkbox"/>		Copy B 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. This information is being furnished to the IRS.			
		2b Taxable amount not determined <input type="checkbox"/>				3 Capital gain (included in box 2a) \$	
RECIPIENT'S name CSC Street address (including apt. no.) City or town, state or province, country, and ZIP or foreign postal code		4 Federal income tax withheld \$		5 Employee contributions/ Designated Roth contributions or insurance premiums \$			
		6 Net unrealized appreciation in employer's securities \$				7 Distribution code(s) <input type="checkbox"/> IRA/SEP/SIMPLE	
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement <input type="checkbox"/>		8 Other \$ %	
						9a Your percentage of total distribution %	
Account number (see instructions)		13 Date of payment		14 State tax withheld \$		15 State/Payer's state no. \$	
				17 Local tax withheld \$		16 State distribution \$	
18 Name of locality		19 Local distribution \$		17 Local tax withheld \$		18 Name of locality \$	
				19 Local distribution \$		17 Local tax withheld \$	

Form 1099-R www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

Retired Returning to Work

Non-OPERS employer

No affect on your OPERS benefit



OPERS-participating employers

No pre-arranged employment agreements per State law and IRS Code

Same employer from which you retired

- One-year “cooling-off” period, or must waive benefits

Different OPERS employer

- One month waiting period, or your benefit will be canceled

Returning to Work with OPERS

Pay contributions

Earn service credit

- Benefit increases every 2,076 hours worked

Decide to continue or waive benefits

- Post-Retirement Employment Election form
- Waiving benefits and working for three full years allows you to retire a second time
- Benefits will be subject to earnings limits

Earning Limitations

Benefit subject to Social Security earnings limitation

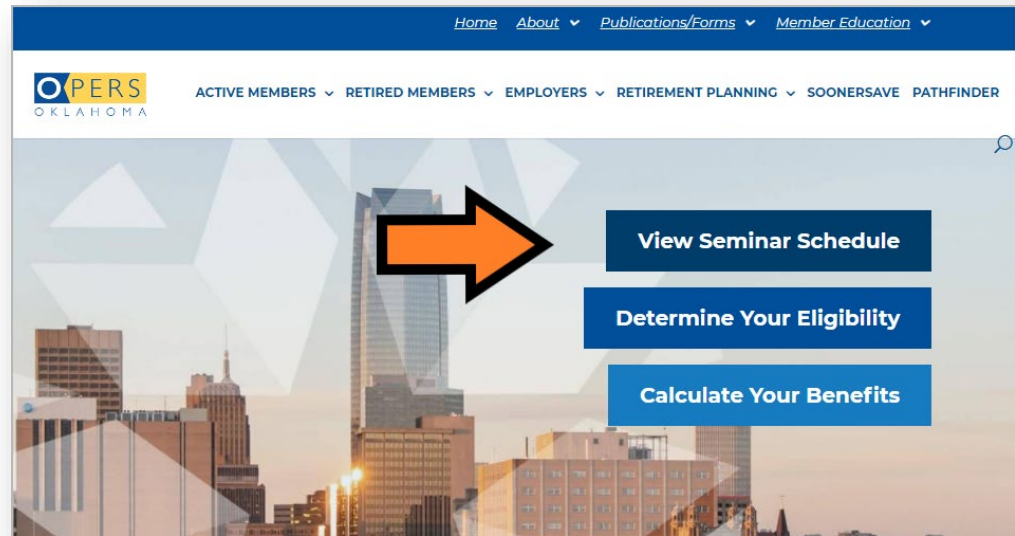
When you approach earnings limit:

- Status of Post-Retirement Employment form
- Choose to continue or terminate employment

Social Security Administration (SSA) Earnings Limits		
Will not reach SSA Full Retirement Age in 2024	Up to the point you reach SSA Full Retirement Age in 2024	Once you reach the SSA Full Retirement Age
\$22,320	\$59,520	No Limit

Pre-Retirement Seminar

- For members within two years of retirement eligibility
- Register online or call OPERS
- Schedule is available on the OPERS website
- Webinars and Seminars available at 9:30 a.m. or 1:00 p.m.



Thank You!

OPERS / SoonerSave/Pathfinder
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Oklahoma City, OK 73152-3007

(405) 858-6737 (local)
(800) 733-9008 (toll-free)

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