



A publication of the Oklahoma Police Pension and Retirement System

Letter from the Executive Director

Ginger Sigler

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LEARNING FROM OTHERS

I have a running joke that I had children to teach me how to use the new technology and electronics. I remember my first job with the State of Oklahoma. I was in college when computers were being used in every class and I told the person hiring me that I wouldn’t come to work for them unless they gave me a computer to work on. That was pretty brazen for a 23 year old female to say to their potential boss, but I got the job and helped bring that office into a new computer friendly environment. That was many years ago, but I find myself now relying on my kids to help me navigate new technological things. The words Artificial Intelligence “AI” scare a lot of people, including me, but it is the way of the future. The kids graduating from college feel comfortable with AI and will be changing office environments just like I did. Change is hard, but to go forward we have to be willing to learn new things.

My grandmother gave me a little sign that currently sits on my bookshelf in my office. It reads “It’s nice to be important, but it’s more important to be nice.” My grandmother wanted to instill in me to be nice to everyone at all times. I have tried to pass this along to my children and hope to pass it along to my grandchildren as well. I learned many other things from her, but more importantly she taught me what unconditional love is all about.

I am on our church’s finance committee. I have 3 individuals who serve with me who have been at this church a lot longer than I have and have the history of what has happened over the years. When we discuss issues that we are dealing with, it is interesting to listen to these individuals and learn why our church implemented the procedures that they did. I have learned so much from them and have such respect for these 3 individuals. Even though being on this committee can be so challenging at times, I have valued this experience.

I give these examples to show how important it is that we learn from those around us. I know most of us have “mentors” who we look up to and regard as experts in the area they have mentored us in. I have an old boss who mentored me along my career and allowed me to grow into a director of a pension system. I want to think that I taught him a few things along the way as well. As I talk to police officers around the state, I hear stories about their co-workers and bosses that have

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**OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM
SPRING 2023**

had an impact on their lives.

As a new board member of the National Conference of Public Employees Retirement Systems, I value networking with other directors of pension systems all over the United States. I enjoy our bi-monthly zoom meetings where we discuss issues that we face on a daily basis. It's always nice to hear that I am not alone in navigating issues in the pension world. I have learned so much in the first year. I hope that I am learning things that can help make OPPRS even better than it currently is.

Always be open to learning new things. You never know when you are teaching those around you.

Take Care and Be Safe!

Ginger Sigler

STAFF

Ginger Sigler, Executive Director

Sean Ruark, Deputy Director

Deric Berousek, Chief Financial Officer

Ann Burrows, Comptroller

Darcie Gordon, Administrative Officer

Elizabeth Marshall, Accountant

Katie Luttrell, Pension Operations Administrator/IT

Leeandra Galutia, Pension Analyst

Angela McCullough, Senior Pension Analyst

Jennifer Campbell, Customer Assistance Representative

2023 OKLAHOMA POLICE PENSION AND RETIREMENT BOARD MEETING DATES

January 18, 2023

May 17, 2023

September 20, 2023

February 15, 2023

June 21, 2023

October 18, 2023

March 22, 2023

July 19, 2023

November 15, 2023

April 19, 2023

August 16, 2023

December 20, 2023

WHAT IS OPLAA?

During the legislative session, I try to send emails to those who wish to receive them about what is going on at the capitol. I try to give everyone a list of bills that we are watching that will affect the OPPRS retirees. However, sometimes I don't fully explain how the processes works when bills are written that would have a cost to the respective pension system it affects. The capitol refers to these bills are fiscal. When fiscal retirement bills are presented to the legislature, they must go through the "OPLAA" process.

In 2011, the Oklahoma Pension Legislative Actuary Act "OPLAA" was implemented. OPLAA had the best of intentions and served a purpose. OPLAA stated that anytime there was a cost associated with a retirement bill, the bill had to be introduced in an odd year e.g. 2023. Once the bill was introduced, it had to be heard in the house of origin committee and voted on to send the bill to the legislative actuary. The legislative actuary is an outside actuary, hired by the legislature, to determine what kind of cost or impact the bill will have on the system's funded ratio and liabilities. The legislative actuary must have the valuation completed by December 1, of the year they received the request. Once the legislature has the actuary calculation back, it is given to the committee who originally sent the bill to the legislative actuary. They then decide whether to proceed with the bill or not. According to OPLAA, any fiscal retirement bills must be paid for. OPLAA states that the legislature must appropriate the money to cover the cost of the bill. Since the passing of OPLAA, I have never seen the legislature appropriate additional funds to the systems to cover the cost of any bills. Since the implementation of OPLAA, the retirees have seen a one-time stipend given in 2018 and a cost of living adjustment given in 2020. Both of those were given to the retirees without any additional funds to pay for them.

SPRINGTIME

PENSIONOMICS 2023

(From the National Institute of Retirement Security)

Expenditures made by retirees of the state and local government provide a steady economic stimulus to Oklahoma communities and the state economy. In 2020, 125,232 residents of Oklahoma received a total of \$2.6 billion in pension benefits from state and local pension plans.

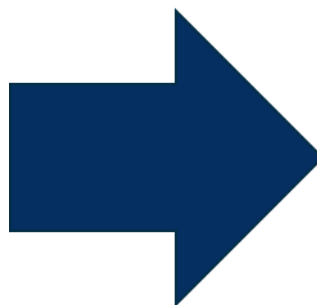
ECONOMIC IMPACT OF OKLAHOMA DEFINED BENEFIT PENSIONS IN 2020 EXPENDITURES FROM PENSIONS SUPPORTED:

- 20,499 JOBS THAT PAID \$959.9 MILLION IN WAGES AND SALARIES IN OKLAHOMA
- \$3.2 BILLION IN TOTAL ECONOMIC OUTPUT
- \$387.6 MILLION IN FEDERAL, STATE, AND LOCAL TAX REVENUES
- EACH DOLLAR PAID OUT IN PENSIONS SUPPORTED \$1.22 IN TOTAL ECONOMIC ACTIVITY IN OKLAHOMA. See the chart below.

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM IMPACT FY 2023

\$179,584,860

TOTAL PENSIONS PAID



\$219,093,529

TOTAL ECONOMIC OUTPUT

EMPLOYEE OF THE YEAR 2022!

Last years employee of the year was Darcie Gordon. Darcie has been employed by OPPRS since November of 2009. Darcie had been employed by the State since 2002. Unhappy with her current position, she answered the posting for a job at OPPRS and she was all ours.

Darcie graduated from Meeker High School and received an Associate Degree from Oklahoma State University– OKC (GO POKES!). After she joined OPPRS she returned to college and received a Bachelors in Organizational Leadership from the University of Central Oklahoma. Darcie's degree in Organizational Leadership has come in very handy around OPPRS. Darcie wears many hats around our office. Darcie is tasked with helping get our new board members set up with emails and access to our board documents. This can be a daunting task at times. She has probably set up around 30 new board members over the years. She also takes care of travel claims for the board members and employees. Darcie maintains our contracts with our managers and is a certified procurement officer. This requires her to maintain a certification each year by having continuing education hours each year. Darcie is in charge of working the disabilities we receive at OPPRS. Her job has increased over the years and we can't thank her enough for the work she does on each and every one of the disabilities. These are just a few things she does around our office.

In her spare time Darcie likes to bake and travel. She is also very crafty. She amazes us with some of her projects. But Darcie's true passion is her two nephews: Hadley and Caleb. Aunt Darcie is adored by her nephews and the feeling is very mutual. You can't walk into Darcie's office without seeing all the pictures of them.

Darcie is the "social director" at OPPRS. She organizes our parties and our community service projects that we do each year around Christmas. Darcie, as well as all of our employees, go above and beyond to ensure whomever we are celebrating has a wonderful Christmas. Darcie has a heart for service and we are very lucky to be benefactors of that. Darcie is the behind the scenes worker that we sometimes forget to thank for all of her hard work. Not this year! THANK YOU!



Insurance Premium Payments for Retirees

The Healthcare Enhancement for Local Public Safety Act (HELPS) is found at Internal Revenue Code Section 402(l). It was enacted as part of the Pension Protection Act of 2006, and recently amended in the SECURE Act 2.0. HELPS allows eligible retired public safety officers to elect to exclude from gross income up to \$3,000 in annual distributions from a governmental retirement plan to pay qualified health insurance or long-term care premiums. The original HELPS Act required the payment of premiums to be made directly by the retirement plan to the provider of the health care or long-term care insurance. To comply with the direct payment requirement, state and local retirement systems had to directly pay often numerous health and long-term care providers and keep track of changes to premium amounts and payment deadlines for thousands and sometimes tens of thousands of retirees. This already challenging task was made even more difficult because providers often were allowed to communicate only with the retiree policyholder and not with the retirement system. Information did not flow seamlessly, and inadvertent errors were made. In addition, due to the complexity, some retirement systems made the decision to not implement HELPS, thereby resulting in retired public safety officers covered by these pension plans being ineligible for the tax benefit. The Oklahoma Police Pension and Retirement System did comply and pay the insurance premiums for our retirees if they chose to do so. With the passing of the SECURE Act 2.0 at the end of 2022, it now allows the retiree to make the premium payment to the insurance provider and remain eligible for the tax exclusion. OPPRS is looking at possible changes to withholdings for insurance premiums.

Insurance Questions?

Are you ready to retire but can't afford the retirement health insurance? Have you already retired and are paying extremely high premiums for health insurance? There are affordable options available through the Health Insurance Marketplace. Nationally, 4 out of 5 customers are able to find health coverage for \$10 or less per month.

For 2023, quality health coverage will continue to be affordable and accessible. New plan options and more tax credits are available for 2023. More people than ever may qualify, even if you haven't in the past.

Insurance plans offered through the Marketplace are run by private insurance companies, like Blue Cross & Blue Shield, Community Care and United Healthcare. You can compare your health coverage options and see what your premium, deductibles, and out-of-pocket costs will be before you decide to enroll.

Insurance plans can't deny your coverage because of pre-existing or chronic conditions, like cancer or diabetes, and they can't charge women and men different premiums.

When you use the Marketplace, you may be able to get a tax credit to lower your monthly premiums and out-of-pocket costs. To see if you qualify, you can go to [healthcare.gov](https://www.healthcare.gov) or you can contact Angela Lundy at angelal@creativeok.com or at 918-407-7513. It takes less than 5 minutes to see if you qualify and how much you can save.

THE ABOVE PARAGRAPH IS FOR INFORMATIONAL PURPOSES ONLY. OPPRS DOES NOT PROMOTE MS. LUNDY.

MANY RETIREES ARE BURDENED WITH HIGH INSURANCE COST IN RETIREMENT. THIS IS AN OPTION ONLY.

WHAT IS ESG?

We have been hearing the 3 little letters ESG more and more in the State legislature. Many of you have asked what does it stand for? ESG investing assumes that there are certain environmental, social and corporate governance factors that impact a company's overall performance.

- **Environment**—What kind of impact does a company have on the environment? This can include a company's carbon footprint, toxic chemicals involved in its manufacturing processes and sustainability efforts that make-up its supply chain.
- **Social**—How does the company improve its social impact, both within the company and in the community? Social factors include everything from LGBTQ equality, racial diversity in both the executive staff and inclusion programs and hiring practices.
- **Governance** —How does the company's board and management drive positive change? Governance includes executive pay to diversity in leadership as well as how does it interact with membership.

The Oklahoma Police Pension and Retirement System does not make investment decisions based on ESG. Our board makes prudent investment decisions based on how to make the best investment returns while balancing the amount of risk we are willing to take. Because OPPRS is so well funded the board can be more cautious and conservative when making investments. There has been a big push at the legislature to ensure that the state pension systems don't invest with ESG biases. You can rest assured, OPPRS does not do this.

So what does OPPRS invest in? We get this question posed to us throughout the year. Being a \$3 billion fund allows us access to many types of investments. Here is the breakdown of the current asset allocation.

Equity—65%

U.S. Large Cap—15%

U.S. Small Cap—10%

International Developed—15%

Emerging Markets—5%

Long/Short—5%

Private Equity—15%

Fixed Income—20%

Core Bonds—7.5%

Multi Sector Fixed—7.5%

Absolute Return—5%

Real Assets—15%

Core Real Estate—10%

Opportunistic Real Estate—5%

This asset allocation has led OPPRS to earn a return of 8.06% over the life of our plan. The board is constantly reviewing this allocation and making small changes to improve it.

The Collapse of Silicon Valley Bank (SVB) and its impact on OPPRS

As you have probably read or heard, in March of 2023 Silicon Valley Bank (SVB) went into default and was seized by federal regulators. SVB was a large bank with \$210 billion in assets. This bank failure is the second largest in U.S. history after the \$309 billion collapse of Washington Mutual in 2009 at the height of the Great Recession. As a bank focused heavily on startups and early venture capital businesses primarily in technology, life sciences and healthcare, SVB enjoyed tremendous success from 2019 through late 2022 as underlying companies went public and enjoyed other measures of success. This success dramatically increasing SVB's assets, who in turn invested in longer dated bonds, which created substantial losses as rates started to dramatically rise. Amplifying these losses, large venture capital depositors began withdrawing deposits due to a slow fundraising environment. Word then quickly spread that the bank was at risk, causing a run on SVB bank as customers withdrew deposits in large amounts, defaulting the bank. This all happened over the span of a few days.

As for its impact on OPPRS, the fallout appears to be limited. The majority of OPPRS's assets are held at BNY Mellon, a Globally Significant Investment Bank (G-SIB). OPPRS has several private equity managers that either banked at SVB or are investors in startup companies that had money at SVB. For these companies there were cash funding and operational disruptions, but they appear to be relatively minor with the backstop and quick action of regulators.

OPPRS holds approximately \$3 billion in assets that are invested across many different investment types with the goal of limiting exposure to such a risk as much as possible. While it's not possible to foresee all possible risks, a high level of diversification helps to mitigate losses when an event like this occurs.

TAX TIPS AND TIDBITS

One big change that was made with the passing of the Secure Act 2.0 at the end of 2022, was allowing Public Safety Officers to retire and receive their Deferred Option Plan money from OPPRS without incurring a 10% tax penalty if they had over 25 years of service. Previously, the retiree had to be at least 50 years of age during the year of retirement or before. The new law now removes the 10% tax penalty at any age as long as the retiree has over 25 years of service. This is beneficial to our active police officers thinking of retiring.

If you are still needing a 1099R, please let us know. You can also get them on your MemberDirect online account. You can access this account on our website.

Important General Tidbits!!!



We would love to have pictures or stories from your organizations or monthly meetings. If you have a great story please let us know and share!



475 YEARS OF SERVICE REPRESENTED IN THE PICTURE ABOVE.

THANK YOU LAWTON RETIREES.

OKLAHOMA POLICE PENSION
1001 NW 63RD STREET, STE 305
OKLAHOMA CITY, OK 73116

PLEASE KEEP YOUR ADDRESS CURRENT WITH US, WE
ARE HAVING LOTS OF RETURNED MAIL! WE WANT TO
KEEP YOU UPDATED AND INFORMED.

CONTACT OPPRS

Mailing Address:

Oklahoma Police Pension & Retirement System
1001 NW 63rd Street, Suite 305
Oklahoma City, OK 73116-7335

Local Phone: (405) 840-3555

Toll Free Phone: (800) 347-6552

Fax: (405) 840-8465

Website: www.opprs.ok.gov

This newsletter is for informational purposes only. Individual requirements and benefits may differ, depending on circumstances. Consult the plan provisions or OPPRS for detailed information.

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