

Information for House Interim Study IS 19-029



Oklahoma Police Pension & Retirement System
November 15, 2019

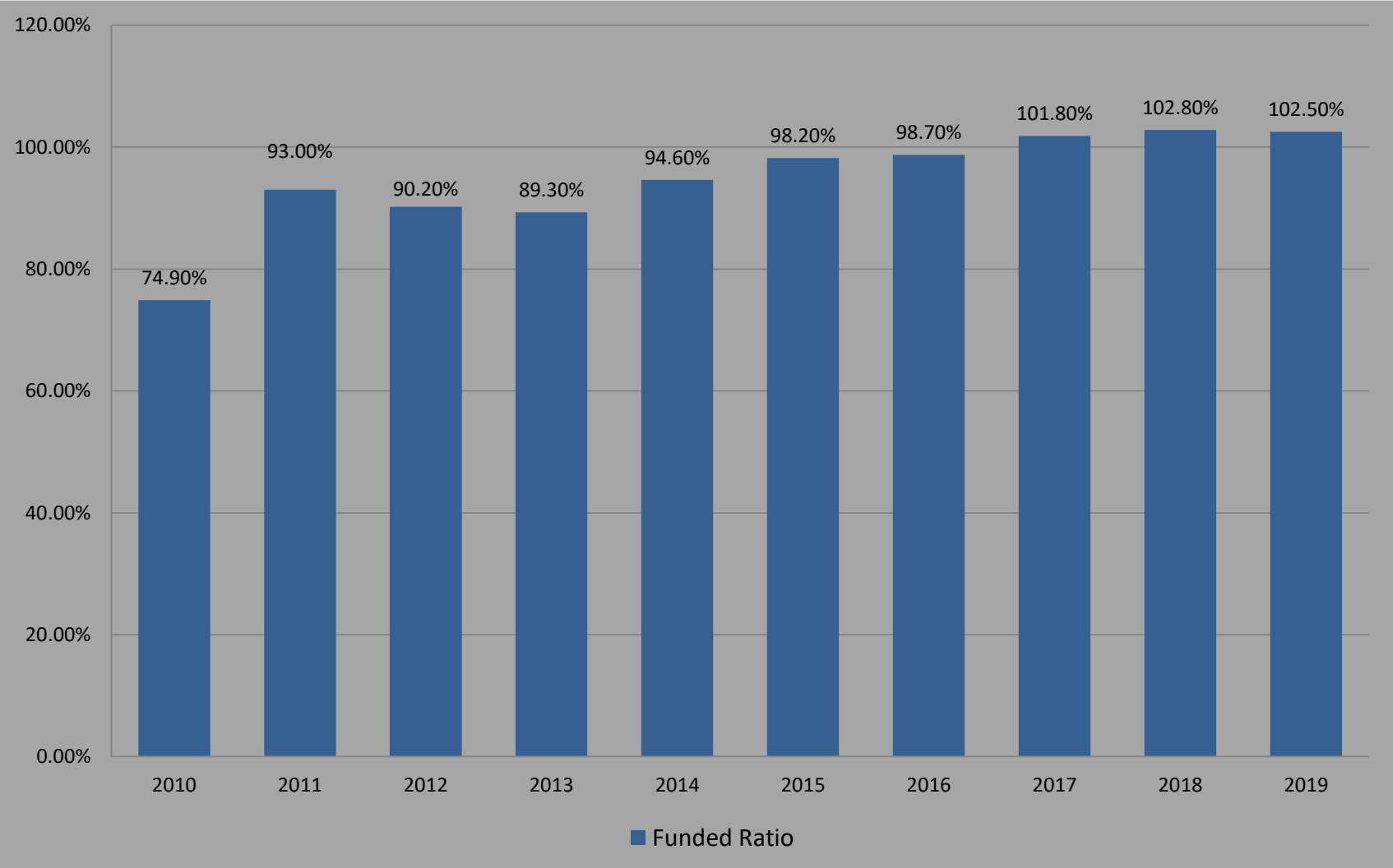
OPPRS 2019 Update

- Assets of \$2.619 billion at June 30, 2019
- Increase in net position of \$55.4 million for fiscal 2019
- The System achieved a net return of 4.24% for fiscal 2019
- Actuarial funded status of 102.5% at June 30, 2019
- GASB 67 funded status of 100.2%, at June 30, 2019
- The Board continues to follow a risk averse investment strategy due to the strong funded position. However, the System is implementing changes to capture more of the upside. The Board is also looking at making changes to reduce overall investment fees as well.
- Since inception through June 30, 2019, the OPPER investment portfolio has produced an annualized return of 8.24%, in excess of the 7.5% actuarial assumed rate of return.

Structure of the Agency and Plan

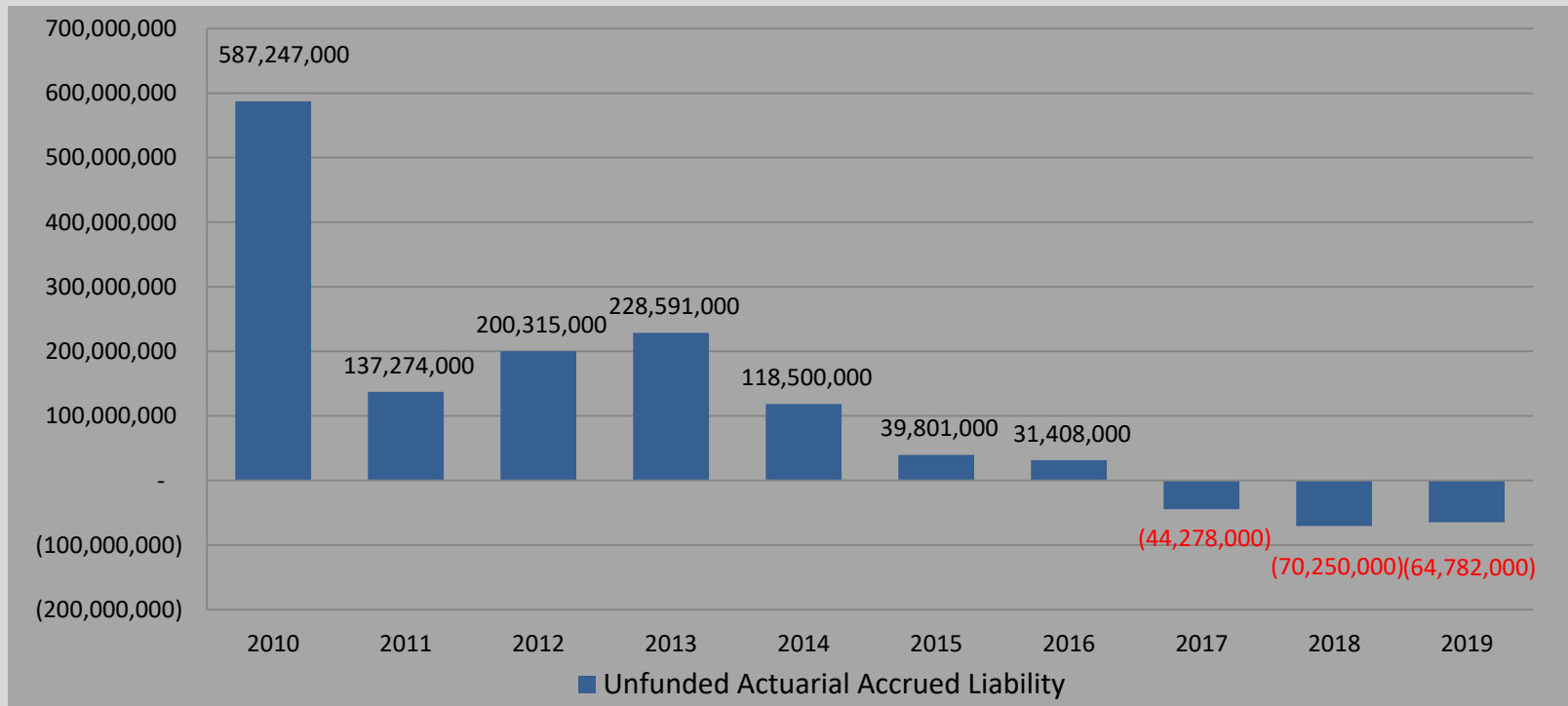
- 11 FTE positions (12 authorized)
- 13 member Board, 6 are current police officers from designated state regions, 1 is a retired officer from anywhere within the state, and 6 are appointees or designees
- The Plan is a traditional 20 year and out plan, with at least 10 years of service required to vest. Benefits no longer accrue after 30 years of service or 75% of final average salary.
- Retiring members use a 2.5% multiplier based on the highest salaried 30 consecutive months of the last 60 months of credited service
- The Plan has two deferred options, the Forward DOP and the Back DOP. Entry in the Forward DOP plan locks a member into a 5 year maximum future retirement date, while the Back DOP can be elected anytime after 20 years of service, with a maximum participation period of 5 years.
- The Plan offers a payout provision to members who elect to leave their DOP balance in the Plan at retirement. The Plan does not guarantee a minimum rate of return. The member participates in the actual performance of the portfolio with an added administrative fee.

Funded Ratio (Actuarial)



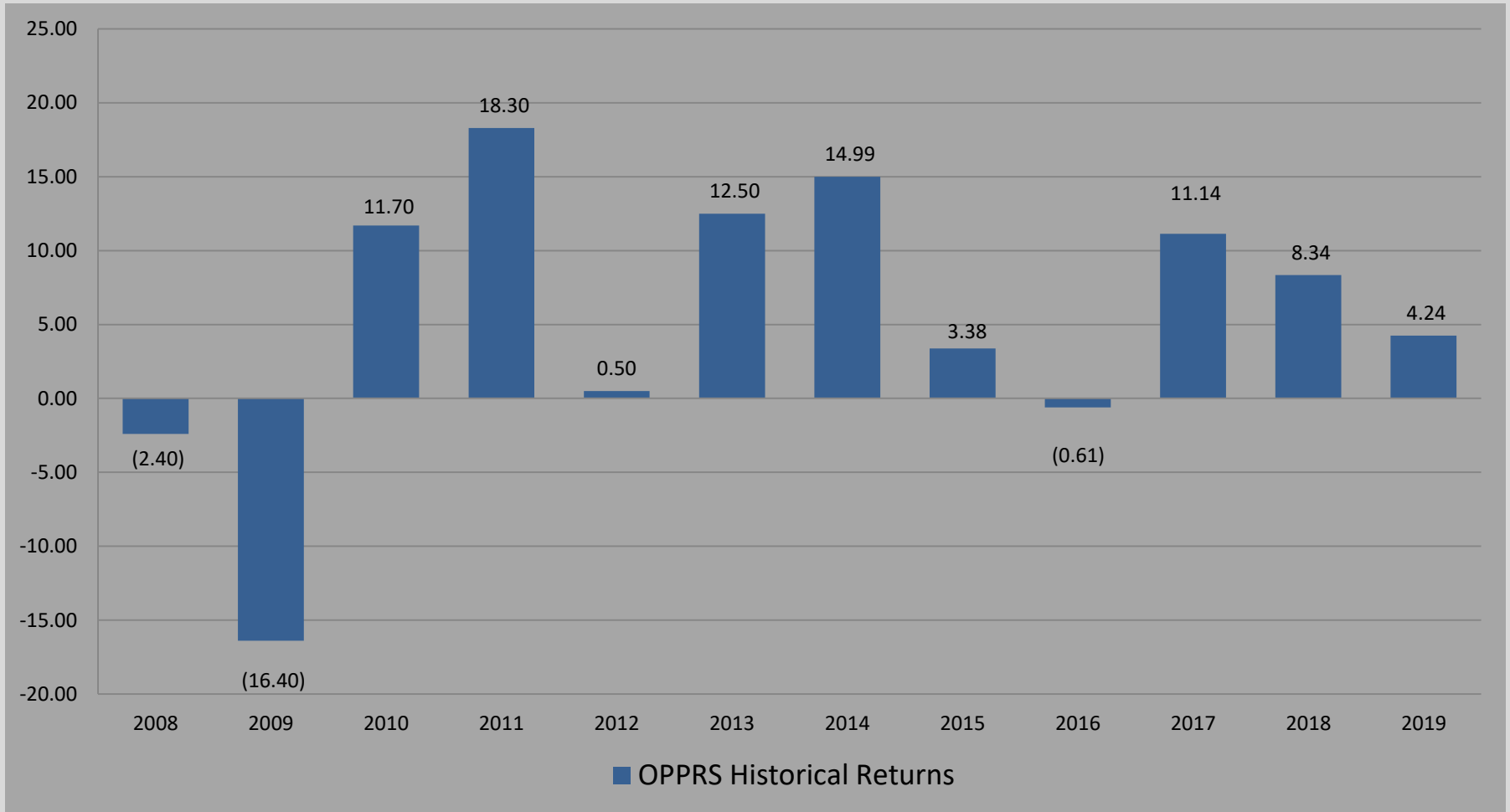
Actuarial Results

- Actuarial accrued liability at July 1, 2019: \$2.612 billion
- Actuarial value of assets at July 1, 2019: \$2.677 billion
- Unfunded Actuarial Accrued Liability (UAAL) at July 1, 2019: **(\$64.8 million)**
- Change in the UAAL over the last 10 years (at June 30):



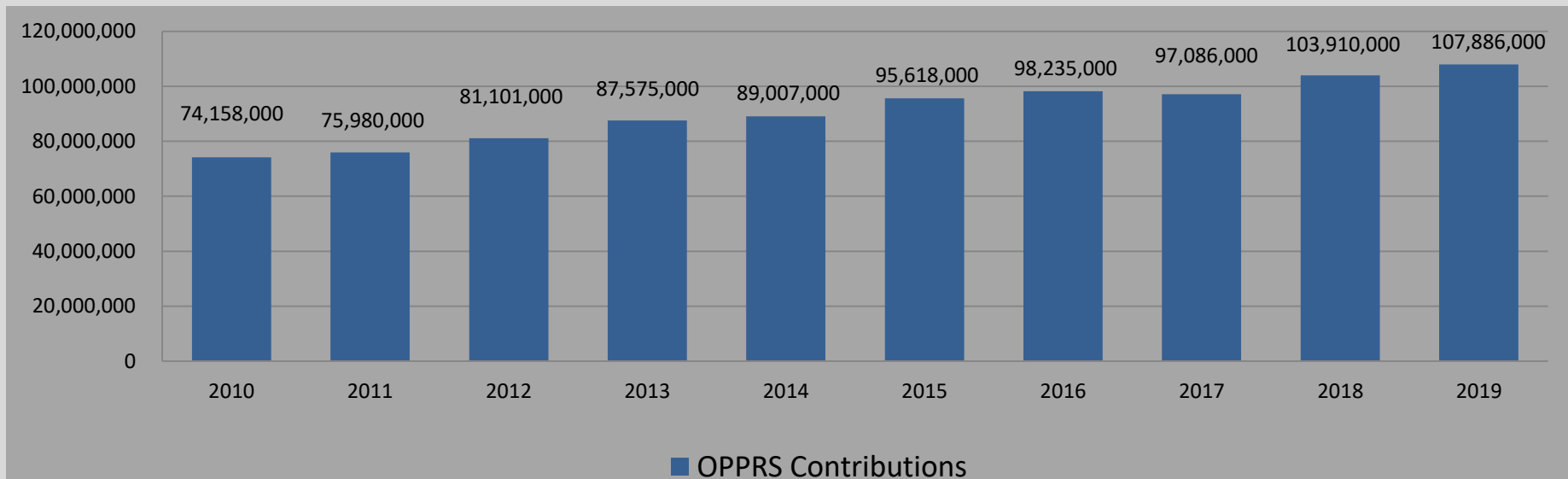
Historical Returns

- System returns over the last 12 years (at June 30): 8.24% return since inception



System Contributions

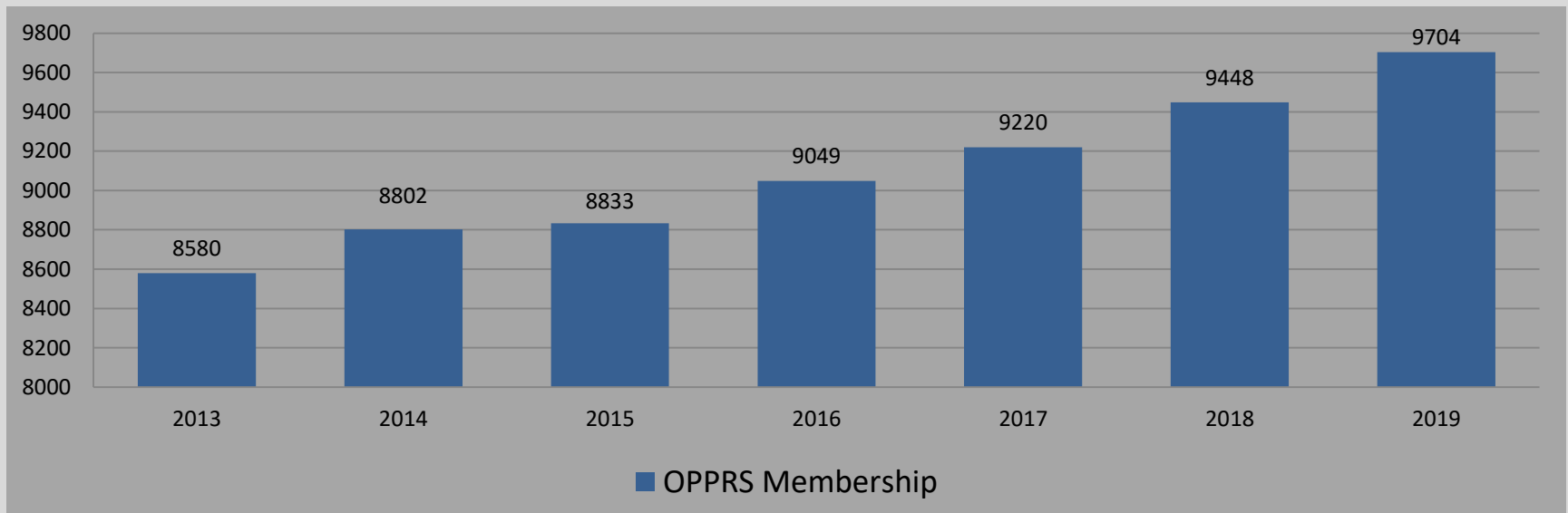
- The System employer contribution rate is 13.00% (\$42.2 million contributed in 2019)
 - The employer contribution rate has been in effect since 1996
- The System members contribute 8.00% of covered pay (\$26.2 million contributed in 2019)
 - The employee contribution rate has been effective since 1983
- The System receives 14.00% of the insurance premium tax (\$39.6 million in 2019)
 - This rate has been in effect since July 1, 2009
- Total contributions for the last 10 years (at June 30):



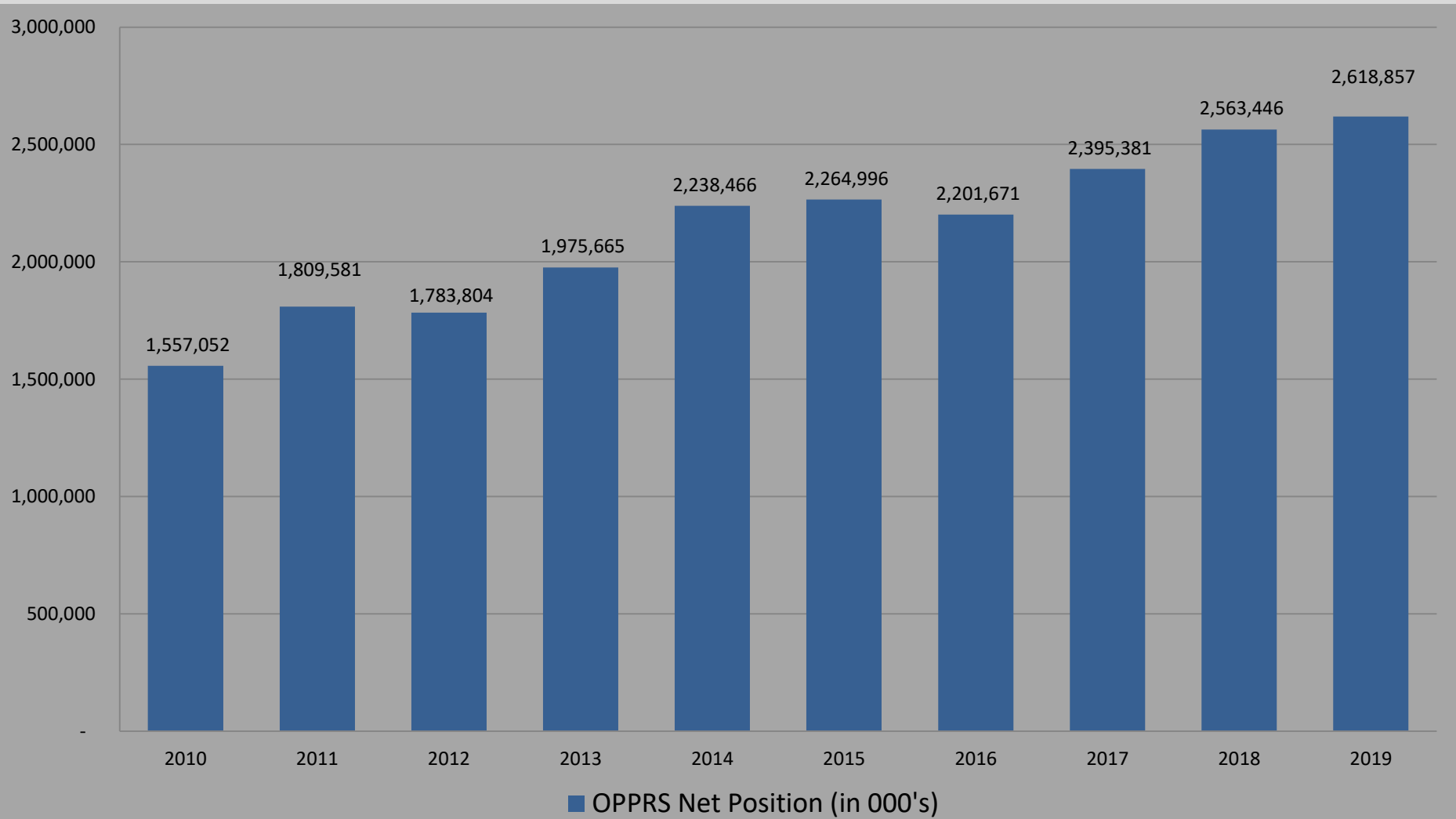
OPPRS Employers & Membership

- 146 Employers (143 municipalities, 3 state agencies – ABLE, OSBI, OBND) at June 30, 2019
- 9,704 members at June 30, 2019 (a net increase of 256 or 2.7% over 2018)
- 3,815 members receiving benefit payments at June 30, 2019

- Total monthly benefits paid in fiscal 2019 - \$119,964,000
- Total deferred option benefits paid in fiscal 2019 - \$33,645,000
- Refunds paid for non-vested withdrawals in fiscal 2019 - \$1,877,000
- Change in membership over the last 7 years:

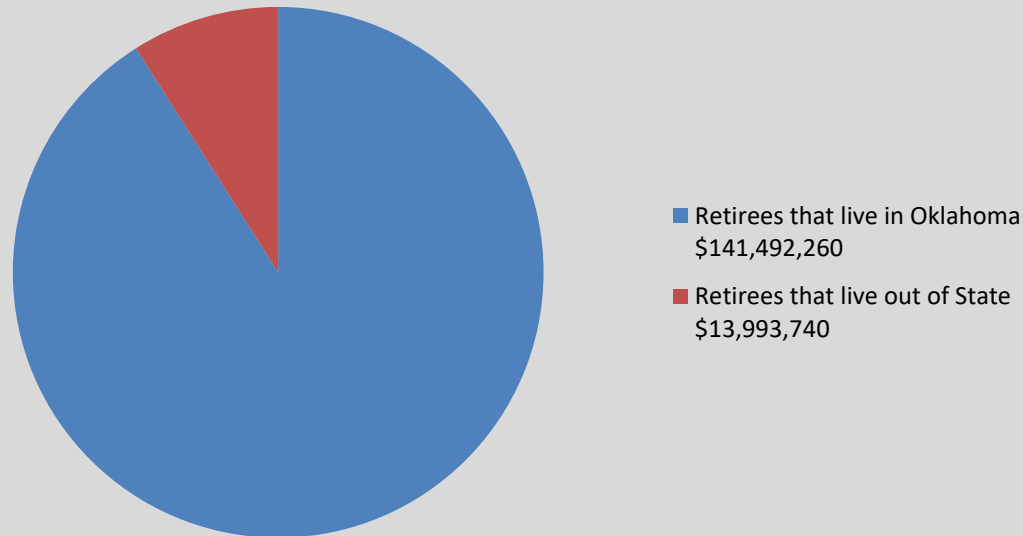


Changes in Net Position



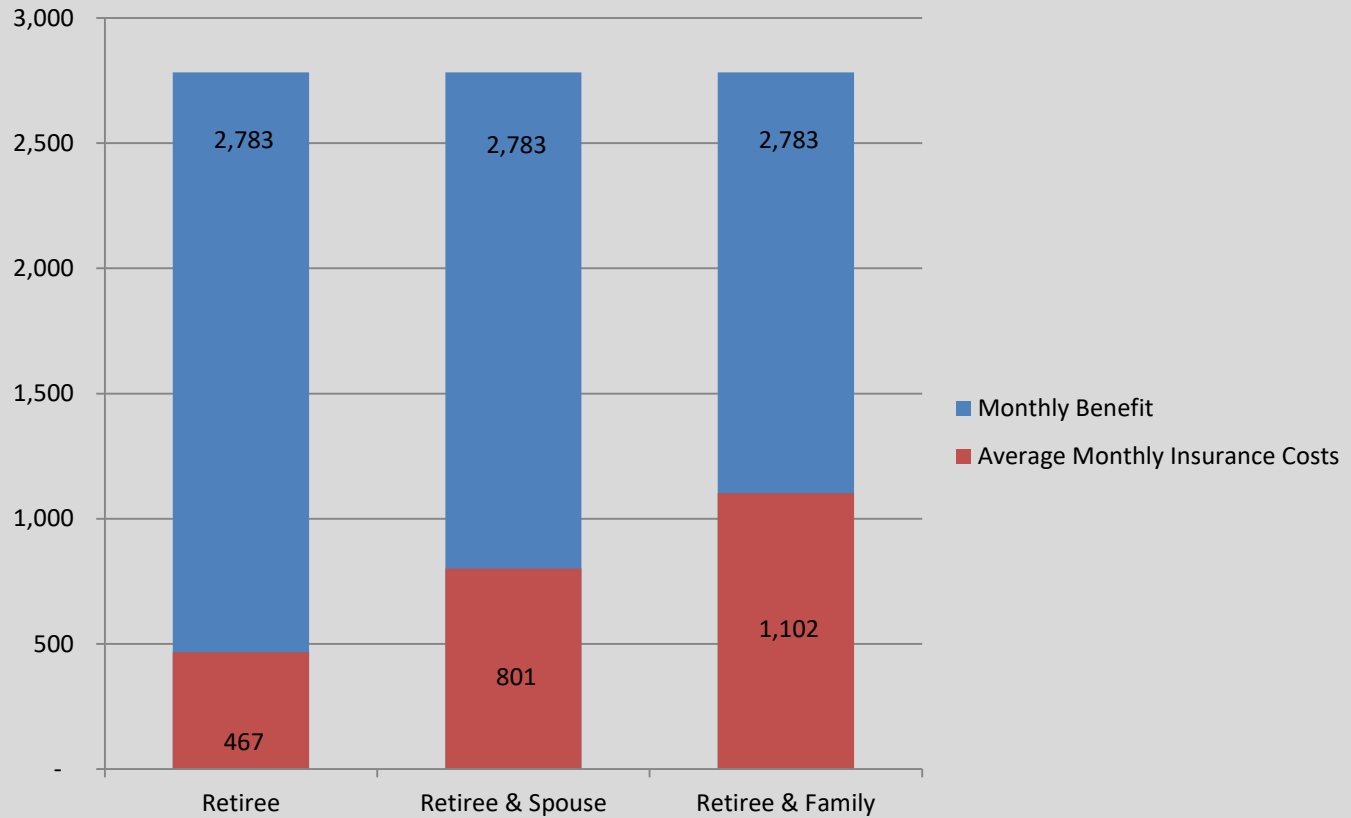
POLICE PENSION RETIREES AFFECTS ON THE OKLAHOMA ECONOMY

TOTAL BENEFITS PAID IN FY 19 \$155,486,000



91% OF POLICE PENSION RETIREES RESIDE IN OKLAHOMA

OPPRS Retiree Average Monthly Benefit & Average Insurance Costs



POLICE PENSION'S GOALS AND OBJECTIVES

- TO HELP OKLAHOMA'S PENSION SYSTEMS BECOME A TOP TEN STATE
- TO MAINTAIN 100% PLUS FUNDED LEVELS
- CONTINUE TO COVER ACTUARIAL CONTRIBUTION REQUIREMENTS TO MAINTAIN FUNDING
- ADJUST INVESTMENT OBJECTIVES TO INCREASE RETURNS WITHOUT INCREASING RISK
- CONTINUE GOOD COMMUNICATION AND EDUCATION WITH OUR MEMBERSHIP