

# THE ADVISOR

Newsletter of the Teachers' Retirement System of Oklahoma



TEACHERS RETIREMENT  
SYSTEM OF OKLAHOMA

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## See Inside Special Report

## "POPULAR" ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018

Winter 2018

SEMINOLE HIGH SCHOOL, SEMINOLE, OKLAHOMA



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## Teachers' Retirement Turns 75 & Still Going Strong

From what must have been its humble beginnings in 1943, the Teachers' Retirement System has grown and prospered in its 75 year existence. Thousands of Oklahoma educators and staff have started and ended their successful careers these last several decades, providing perhaps the most important service for any state: Education. Every national survey supports the premise that the most prosperous states provide an excellent public education for their citizens. Having a strong retirement system for those who provide that service is key to recruiting and retaining the best and the brightest to carry out this core service for our state.

Just a few years ago TRS was one of the lowest funded statewide public pension systems in the nation. We still have a lot of work ahead of us, but TRS is one of a handful of public plans that is improving its financial position with almost each passing year.

An article from March 17, 1956 (The Oklahoman archives: "Gary Talks of Plan to Bolster Teacher Retirement Program") points out the fact that TRS started out with more liability than it had assets, and has been battling to improve its fiscal position ever since. Then Governor Raymond Gary was quoted as saying "I hope before I leave office to make the program actuarially [sic] sound." He pointed out that TRS had \$30 million invested but was not financially sound. "Actually we don't need to be actuarially sound right now," the Governor said, "and our program is probably more actuarially sound than the social security program." An officer with the Oklahoma Education Association was also quoted as supporting the earmarking of the State's natural gas tax to help the fund remain sound. The director of TRS, Harvey M. Black, was mentioned in the article stating that TRS had a \$13 million deficit at that time and a "\$4 million annual appropriation would start us catching up."

Our pension liabilities still exceed our assets, but TRS is on track to be 100% funded in 14 years. Unlike 1956, TRS is now collecting annual financial support sufficient to become actuarially sound in that time period. Oklahoma should continue to support TRS so that our public educators and staff can have retirement income security after they leave employment.

# How it All Began

Article 5, Section 62 of the Oklahoma Constitution was adopted by a vote of the people on July 14, 1942. The Legislature passed the implementation bill in 1943. Governor Robert S. Kerr appointed the first Board of Trustees on July 5, 1943. The first trustees were C.X. Doller of Tulsa, Earl Emerson of Cromwell, Ed Morrison of Goodwell who also was the president of Panhandle A & M College, Harry McKimmey of Oklahoma City and a Central High School teacher; and D.D. McKirkland of McAlester. The Board of Trustees appointed a committee of five individuals to come up with an organizational plan. Part of that effort was to see what other states were doing. The Legislature appropriated \$100,000 for each of the first two years of operation of TRS.

## New TRS Trustees Appointed



### John Kennedy

John Kennedy founded Irish Realty in 1978. He began his career in commercial real estate by working for John Kilpatrick as Vice President of Kilpatrick Investment.

Kennedy received a bachelor's degree from Oklahoma City University in History and Political Science and a

master's degree from Harvard University in Public Administration.

Kennedy was appointed Oklahoma Secretary of State on January 14, 1991 and served for three years. He also served for four months as Interim Secretary of Commerce at the beginning of his term and served as a member of the five-person State of Oklahoma Cash Management and Investment Oversight Commission. Kennedy was a commissioner on the Oklahoma Commission for Teacher Preparation and the Oklahoma Tobacco Settlement Endowment Trust. Kennedy serves on the boards of directors of the Oklahoma City National Memorial and Museum Foundation, Cristo Rey OKC School, and O.U. Fred Jones, Jr. Art Museum. He is a past board president of Heritage Hall School, Westminster School and the deadCenter Film Festival. Kennedy is a native of Oklahoma City and has five sons. He has coached little league baseball for over 20 years.



### Lisa Henderson

Lisa recently moved from Norman to Oklahoma City to teach Pre-K at Horace Mann Elementary. Prior to that she was a parent educator with the "Parents As Teachers" program, and taught Pre-K at Little Axe Elementary for 20 years. She attended the University of Oklahoma

where she received degrees in elementary and special education. Ms. Henderson holds certificates in elementary and early childhood education. She is the proud mother of two sons, Max and Austin, and the proud teacher of hundreds of Pre-K students over the years.

## THROUGH THE YEARS:

**SEPTEMBER 5, 1943** Harvey M. Black, the 49 year old superintendent of the Hugo School District, is hired as the first executive secretary of TRS at a starting salary of \$4,200 per year.

**NOVEMBER 6, 1943** Executive Secretary Harvey M. Black announced that through October 5, 1943, a total of 4,156 teachers had enrolled in TRS. Teachers paid 4% of their salary as contributions plus a hefty \$1 membership fee.

**DECEMBER 17, 1944** TRS membership is up to 11,686. About 1,500 teachers were exempted from mandatory membership because they are teaching on "war emergency certificates." TRS purchased \$205,000 in war savings bonds and \$95,000 in U.S. treasuries.

**JANUARY 10, 1947** The first 82 TRS members retire from TRS. The first of these members listed in the leather-bound register book was Thomas Wilton Smith. Mr. Smith was born on December 5, 1868 and passed away in January 1951.

**JANUARY 14, 1950** A total of 104 school teachers were approved to retire. The benefits ranged from \$40 to \$70 per month.

**JUNE 13, 1952** Representative J.D. McCarty campaigned for re-election supporting legislation providing a minimum \$100 per month for teachers who are at least 60 years old and have 30 years of teaching experience.

**JUNE 8, 1955** Governor Raymond Gary predicted an end to the Teachers' Retirement System because of possible participation by teachers in Social Security. He stated that the State couldn't afford to finance two retirement programs.

**FEBRUARY 7, 1957** The Legislature appropriated \$3.7 million to TRS in addition to passing an earmark of the tax on natural gas that was estimated to raise another \$4.2 million. Governor Gary was quoted as saying the \$3.7 million wasn't in his budget and the gas tax was supposed to be in lieu of an appropriation.

**JULY 13, 1965** Governor Henry Bellmon signed a bill that permitted members of TRS who were elected to the legislature to continue participation in TRS.

**MAY 8, 1974** A legislative conference committee voted to approve a bill appropriating \$6 million to TRS. Governor David Hall had recommended \$8 million. The appropriation was reduced because of an increase in natural gas tax receipts.

**SEPTEMBER 16, 1983** The TRS Board had a controversy over whether it could keep its long-time investment manager, First National Bank and Trust Co. of Oklahoma City. The Board had to get bids for this service after an Attorney General's opinion found that the Board had to use the State's Purchasing Department. An Assistant A.G. advised that Delmas Ford, the Director of the Office of Public Affairs, wouldn't approve the bank's bid since it had the highest bid received.

# POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

## ABOUT TRS

TRS was established in 1943 by the Oklahoma Legislature. As of June 30, 2018, the Plan consisted of 598 participating employers comprised of state institutions of higher education, state education entities, local school districts as well as career tech districts. The membership includes 88,534 active members, 12,243 inactive vested members, 13,315 inactive non-vested and 63,796 retirees and beneficiaries for a total of 177,888 members.

## COMPREHENSIVE ANNUAL FINANCIAL REPORT ONLINE

The 2018 Popular Annual Financial Report of the Teachers' Retirement System of Oklahoma (TRS) contains summary financial information from the 2018 Comprehensive Annual Financial Report. The full report can be viewed in its entirety online at [www.ok.gov/TRS/Publications/Annual\\_Report.html](http://www.ok.gov/TRS/Publications/Annual_Report.html).

## TRS Has Another Great Year in FY 2018

Dear Members:

We are proud to issue the Teachers' Retirement System Popular Annual Financial Report (PAFR) for FY 2018. This publication is not only for the benefit of our membership but also for our many stakeholders and state leaders who are interested in the financial condition of TRS. It is a summarized version of the System's official Comprehensive Annual Financial Report (CAFR) written in laymen's terms. It is not presented in a manner which conforms with generally accepted accounting principles (GAAP). It's shorter than the CAFR, but it still contains the most important statistics of your retirement plan. TRS' CAFR is prepared to conform to GAAP and as noted in the lower left portion of this page is available online.

TRS had another outstanding year with its investment performance with a 10% gross return. In addition, the System achieved the highest actuarial funded ratio (72.9%) in its 75 year history! The members of TRS rely on the continuing viability and fiscal strength of the System. Their retirement security depends on it. Our public educators and support staff members are crucial to the State's economy and quality of life. TRS is the oldest and largest state pension plan. The System serves about 175,000 active, inactive and retired members who are currently or formerly employed by nearly 600 employers. Not only is it important for our members and stakeholders to know the financial status of the System, but it's also important for Oklahoma citizens to have this information. We at TRS are proud to serve Oklahoma's educators and staff. The entire state benefits from the retirement income security TRS provides to its clients. Your retirement system has been providing this service for more than seven decades and we want to be a part of this State's bright future. We strive every year for excellence and will work to continue the historic success we enjoyed this year.

Tom Spencer  
*Executive Director*

**2018 TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA**  
POPULAR ANNUAL FINANCIAL REPORT

**PLAN NET POSITION**

The "Plan net position" is calculated by taking the amount of assets of TRS and subtracting liabilities restricted for payment of monthly retirement benefits and other qualified distributions to TRS clients. A summary of net position restricted for benefits on June 30, 2018, 2017 and 2016, is shown to the right. As of June 30, 2018, TRS' net position was approximately \$16.79 billion. For simplicity, the 401(a), 403(b) and OPEB assets and liabilities on these schedules are combined. A separate schedule for the OPEB plan is on page 6 of the PAFR.

**CHANGES IN PLAN NET POSITION**

TRS is funded through a combination of member contributions, employer contributions, dedicated state revenue and investment earnings. For fiscal year 2018, plan net position increased \$1,157,905,561 or 7.4%. The increase was primarily from positive investment performance. Deductions to plan net position are incurred primarily for the purpose for which TRS was created, namely the payment of benefits to retirees. In fiscal year 2018, retirement, death and survivor benefits increased \$48,750,158 or 3.7% due to a 2.3% increase (1,405 members) in the number of retired members and a 1.4% increase in the average benefit. Refunds and withdrawals decreased slightly by \$211,019 or 1.00% as fewer participants withdrew their contributions on severance of service in fiscal 2018. Administrative costs increased slightly by \$156,911 (or 3.8%).

**BENEFITS PAID TO MEMBERS**

Members qualify for full retirement benefits at their specified normal retirement age or, for any person who became a member prior to July 1, 1992, when the sum of the member's age and years of credited service equals

**CONDENSED SCHEDULE OF FIDUCIARY NET POSITION**

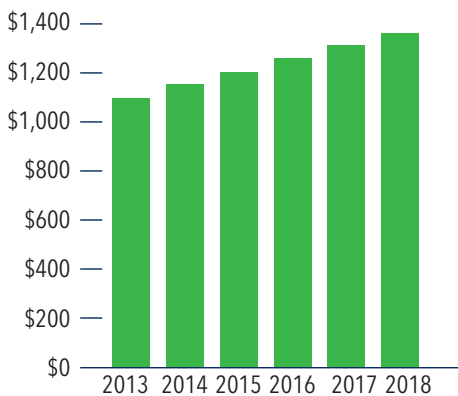
	JUNE 30,		
	2018	2017	2016
<b>ASSETS:</b>			
Cash	\$ 14,647,016	\$ 6,982,258	\$ 19,857,301
Receivables	336,640,442	234,896,886	389,393,726
Investments	16,785,027,025	15,623,835,941	14,058,889,353
Securities Lending Collateral	1,729,963,543	1,699,984,799	1,624,015,378
Capital Assets, Net	4,500,123	4,293,304	4,072,745
<b>Total Assets</b>	<b>18,870,778,149</b>	<b>17,569,993,188</b>	<b>16,096,228,503</b>
<b>LIABILITIES:</b>			
Other Liabilities	345,111,757	232,211,101	478,182,808
Securities Lending Collateral	1,729,963,543	1,699,984,799	1,624,015,378
<b>Total Liabilities</b>	<b>2,075,075,300</b>	<b>1,932,195,900</b>	<b>2,102,198,186</b>
Net Position Restricted For Pensions	\$ 16,795,702,849	\$ 15,637,797,288	\$ 13,994,030,317

**CONDENSED SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**

	JUNE 30,		
	2018	2017	2016
Member Contributions	\$ 312,866,576	292,949,337	\$ 294,459,091
Employer Contributions	415,981,030	403,256,970	409,753,221
Matching Contributions	26,437,350	23,027,846	25,787,244
Dedicated Tax Revenue	318,172,751	278,924,055	289,884,752
Member Tax Shelter Contributions	1,723,454	2,548,206	2,222,812
Net Investment Income Gain (Loss)	1,500,561,135	2,011,242,293	(362,477,638)
Security Lending Net Income	7,746,700	8,705,649	7,870,757
<b>Total Additions</b>	<b>2,583,488,996</b>	<b>3,020,654,356</b>	<b>667,500,239</b>
Benefit Payments	1,360,875,891	1,312,125,733	1,257,276,705
Refunds Of Member Contributions And Tax Sheltered Annuity	60,496,096	60,707,115	55,841,270
Administrative Expenses	4,211,448	4,054,537	4,458,338
<b>Total Deductions</b>	<b>1,425,583,435</b>	<b>1,376,887,385</b>	<b>1,317,576,313</b>
Net Increase (Decrease) In Net Position	\$ 1,157,905,561	1,643,766,971	\$ (650,076,074)

or exceeds 80 (Rule of 80), and for any person who became a member on or after June 30, 1992, when the member's age and years of credited service equals or exceeds 90 (Rule of 90). Normal retirement age under the Plan is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 minimum age 60 if the participant became a member on or after November 1, 2011.

### SCHEDULE OF BENEFIT PAYMENTS *(in Millions)*



The Schedule of Benefit Payments above provides information on the total benefit expenses incurred by the Plan consisting of age and service, disability, and beneficiary death benefits. These totals have risen rapidly from \$1.09 billion in FY 2013 to \$1.36 billion in FY 2018.

### INVESTMENTS

The Board of Trustees follows the "Prudent Investor Rule" which is considered the highest standard in making investment decisions for the Plan. The Board and its advisors invest the Plan's assets for the sole interest of our members and their beneficiaries. In addition, funds are to be diversified to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. The Plan's overall investment return for the year ended June 30, 2018, was a gross return of 10.00% and net 9.69%. Plan returns

are primarily determined by how investments are diversified across asset classes. Domestic equity returns were up solidly for the year. Domestic equity gained a net return of 15.5%. Private equity and private credit investments returned 15.43% for the year. Core real estate had a net return of 6.98% and non-core real estate was 5.14%. Total fixed income net returns were a disappointing 0.96% due to rising interest rates. The System's Master Limited Partnership investments were hit hard by changes in the tax structure for such investments. Net returns for MLPs were negative at (2.03%). The Rate of Return table below reflects overall investment returns for the Plan over the past five fiscal years.

RATE OF RETURN	
Year Ending June 30,	Total
2018	10.0%
2017	15.3%
2016	-2.02%
2015	3.5%
2014	22.4%

The Board of Trustees has established the Statement of Investment Policy to guide investment decisions and outline the overall investment philosophy of the Plan. The primary investment goal of the Plan is total return, consistent with prudent investment management standards. Total return includes income plus realized and unrealized gains and losses on Plan assets. In addition, assets of the Plan are invested to ensure that principal is preserved and enhanced over time. All investments are managed by external investment managers. The managers are required to adhere to the investment policy and their respective mandates, but may use full discretion within the policy and guidelines. In the pursuit of long-term returns while maintaining the goal of capital preservation, TRS has adopted

a diversified asset allocation policy that is carried out primarily through active management. The resulting portfolio is designed to enhance long-term returns while mitigating short-term volatility. At fiscal year end, the portfolio was managed by 32 investment management firms across several asset classes and areas of expertise. As stated previously investments in FY 2018 provided a gross return of 10.00%. The annualized rate of return was 7.5% over the last three years and 9.5% over the last five years. The allocation of the investment portfolio as of June 30, 2018 is shown in the Asset Mix chart below.

### ASSET MIX *June 30, 2018*



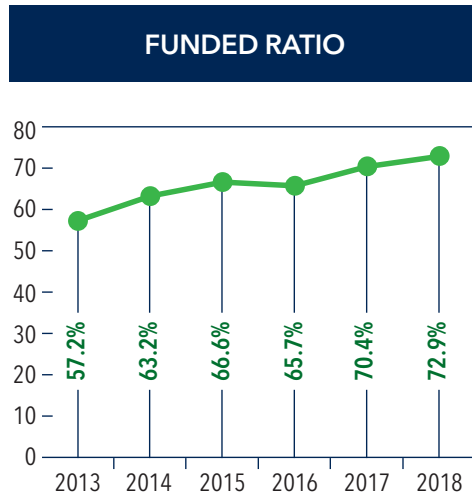
US Equity	39.2%
Fixed Income	22.2%
International Equity	19.9%
Real Estate	7.4%
Private Equity	6.9%
MLPs	4.7%
Cash	0.5%

### FUNDING

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. It must also have a revenue source sufficient to keep up with future obligations. The funding objective for TRS is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued

liability and the greater the level of investment potential. The advantage of a well-funded plan is that the participants can look at assets that are committed to the payment of benefits. The actuarial accrued liability (the amount the System owes) and actuarial value of assets (the amount the System has) of TRS as of July 1, 2018, amounted to \$ 22.6 billion and \$16.48 billion, respectively.

The TRS funded status was 72.9% at June 30, 2018, compared to 70.4% at June 30, 2017. The key items responsible for the improvement in funded status were a significant asset gain from investment performance, and dedicated revenue receipts were also higher. The Funded Ratio chart above shows the change in funded status over the past five fiscal years.



### NEW ACCOUNTING STANDARDS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

TRS must follow accounting standards established by the Governmental Accounting Standards Board (GASB). In FY 2017 TRS implemented a new accounting standard called GASB 74 that applies to accounting for “other postemployment benefits” or OPEB. TRS provides a monthly health insurance subsidy to its retirees who keep their employer-based health insurance in retirement. This amount varies from \$100 to \$105 based on the credited service years of the retiree, and their benefit amount. It is paid directly to the insurer or the retiree’s former employer. GASB 74 requires TRS to treat this supplemental benefit like a separate benefit plan for accounting purposes. The liabilities to TRS from these OPEB payments must be separately stated, and an amount of assets must be identified that are available to pay the benefits. Above are condensed schedules of the TRS OPEB “net position” and the changes in net position. As indicated on page 4, these assets and liabilities are included in the main schedules for the total plan. In FY 2018 GASB 75 was also implemented statewide meaning that many TRS employers had to reflect their proportionate share of OPEB liabilities in their financial statements.

Assets	\$	535,759,528
Liabilities		51,703,367
Net Position for OPEB	\$	484,056,161

Additions	\$	47,672,988
Deductions		36,975,047
Net Increase (Decrease) in Net OPEB Position	\$	10,697,941

### TRS AWARDED FOR EXCELLENCE IN FINANCIAL REPORTING AND POPULAR FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Annual Financial Reporting to the Teachers’ Retirement System of Oklahoma for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

To receive an Award for Outstanding Achievement in Annual Financial Reporting, a government unit must publish a Comprehensive Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Annual Financial Reporting is valid for a period of one year only. TRS has received the award for the last 25 consecutive years. We believe our current CAFR continues to conform to the award requirements, and it has been submitted to the GFOA.

In addition, TRS also received an award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for its submission in FY 2017. This was the 3rd consecutive year TRS received this award. We will continue to strive for excellence and we look forward to continuing our commitment to quality financial reporting of all kinds.



# Working After Retirement: Know the Rules

If you return to work after retiring and receiving a benefit from TRS, and perform services for employers in the Oklahoma public school system, whether as an employee, substitute teaching, an independent contractor or an employee of a third party, you are subject to restrictions under state and federal law, including a separation from service requirement and a postretirement earnings limit.

You can continue to receive your full TRS retirement benefit, with no earnings limitation, if you take a job outside the Oklahoma public school system. This includes work in a private industry, private schools, and public schools outside of Oklahoma.

**Separation from Service Requirement.** A retired member is not eligible to be employed by the public schools of Oklahoma, in any capacity, for sixty (60) calendar days after the member's last day of preretirement public education employment. "Last day of preretirement public education employment" is the last day the employee is required to be physically present on the job to complete the terms of the employment contract or agreement. An employee on paid leave is still considered to be employed for this purpose. Employment under any conditions during this time, including volunteer services, shall cause the forfeiture of all retirement benefits received during this period.

**Postretirement Earnings Limits.** Following the sixty (60) day period postretirement, retired members may return to work for the Oklahoma public school system subject to earnings limitations. The earnings limits are effective for thirty-six (36) months after retirement. For retirees under the age of 62, the limit allowed on earnings is either one-half of the member's final average salary or the earnings limitation for employees allowed by the Social Security Administration (currently \$17,040.00 for 2018), whichever is less. For retirees age 62 and older, the limit allowed on earnings is either one-half of the member's final average salary or \$30,000.00, whichever is less. Once you have been retired for more than thirty-six (36) months, there are no earnings limits.

**Exception to Postretirement Earnings Limits.** Effective July 1, 2017, qualifying retirees may return to employment as a classroom teacher for a public school or career technology district with no earnings limitations in certain circumstances. To qualify, the member must have retired on or before July 1, 2017 and must have been an active classroom teacher for a least one full school year immediately prior to his or her date of retirement. Members employed as superintendents, administrators, or in other non-classroom teacher positions during the school year immediately preceding retirement are not eligible. The member must have been retired and drawing a TRS retirement benefit and not have been employed by any public school or career technology district in any capacity for the twelve (12) consecutive months immediately following the last day of employment prior to his or her retirement date in order to be eligible. Additionally, the member can only be employed as an active classroom teacher when returning to employment. Prior to the member's return to employment, the member must notify TRS of his or her return to employment under this provision.

*By Sarah Green, General Counsel for TRS*

## THROUGH THE YEARS:

**OCTOBER 20, 1987** Secretary-Treasurer Tommy Beavers said that a recently approved group insurance program for teachers and other school employees could have a "major impact" on TRS. He said an actuary estimated a \$51 million to \$61 million impact next year.

**MARCH 28, 1990** State Finance Director Lex Holmes said a retirement system should be funded at a level of 60% to 80% of the possible demands on the system. Teachers' Retirement is only at a 44% level. This compares with a 50.5% level last fiscal year.

**FEBRUARY 7, 1991** Executive Secretary Tommy Beavers told a Senate Appropriations Committee that TRS would be bankrupt in 25 years without substantial funds being pumped in from the State. TRS has \$2 billion in assets which is only 38% of the liabilities. He said, "By 2015, assets will be exhausted, total liabilities will be over \$12 billion, and the system's only source of income will be member and employer contributions."

**APRIL 11, 1991** A lawsuit by 4 teachers was filed challenging the transfer of \$39.6 million from TRS to the State and Education Employees Group Insurance Program.

**JUNE 7, 1992** Senate Bill 568 passes that created a "Rule of 90" for new members and increased contributions to TRS from employers and teachers. The primary author of the bill stated that the Legislature had taken a "giant step" toward solving financial problems at TRS.

**DECEMBER 17, 1999** TRS trustees voted to seek a larger share of state revenue in the next legislative session. Trustees suggest getting a portion of "Rainy Day" funds and the tobacco settlement proceeds. TRS currently gets 3.54% of income, sales and use taxes equalling \$136 million in recent years. TRS assets were \$6.1 billion and the unfunded liability was \$4.7 billion.

**AUGUST 20, 2002** The Wall Street Journal reported that TRS was the third worst state pension plan in the nation. Only Indiana (43%) and West Virginia (21%) had lower funded ratios than TRS at 52%.

**MAY 8, 2007** Governor Brad Henry signed SB 357 which gradually increases employer contribution rates to TRS. TRS has a \$7 billion unfunded liability and additional funds may get TRS to an 80% funded ratio by 2026.

**AUGUST 20, 2014** TRS investment returns were in the top 1% of all public funds in the U.S. for FY 2014 according to a report to be presented to the Oklahoma State Pension Commission.

**NOVEMBER 12, 2017** (EDITORIAL) – "Teachers' Retirement System a bright spot in government." The TRS funded ratio reached a 70.4% funded ratio which is the highest in its 74 year history. Projections indicate that it could be 100% funded in 17 years.



## TEACHERS RETIREMENT SYSTEM OF OKLAHOMA

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On the phone: 1-877-738-6365 or 405-521-2387

On the web: [www.ok.gov/TRS](http://www.ok.gov/TRS) or [facebook.com/okTRS](https://facebook.com/okTRS)

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### DIRECTOR'S CORNER

## The Legacy of TRS: A Rich Heritage

*Tom Spencer, Executive Director*

The Teachers' Retirement System is the oldest (75 years) and largest statewide public pension fund in Oklahoma. In 1956, it had a \$30 million portfolio. At the end of FY 2018, the TRS portfolio was more than \$16 billion. That is a "Billion" with a "B." TRS paid out \$1.3 billion to its retirees and beneficiaries in FY 2018. That money was being paid to around 64,000 retirees or their beneficiaries. TRS has a significant economic impact in the State as our retirees live all across the State.

When I arrived at TRS in 2014, I found framed photographs of every prior executive secretary (or executive director or CEO). In its 75 year history, I am only the 7th executive director. The first director was Harvey M. Black. He served for more than 14 years. But it was the fifth executive secretary who holds the record of exactly 21 years in that position from January 1, 1988 to December 31, 2008. That was Tommy C. Beavers who was a friend and colleague of mine. I am not going to break his record. Tommy was one of the nicest and capable public servants I ever had the chance to work with. When I started at OPERS in 2003, he was the first pension fund director

I called and asked if I could come to his office and pick his brain. He patiently and proudly showed me the TRS software system that gave quick access to member information and digitally imaged documents. OPERS didn't have imaging at the time. He showed me his 4 person call center. OPERS didn't have one of those either. I'm convinced that if I didn't end our conversation and tour at the 2 hour mark, he would have taken as much time as I needed. He was that unselfish and cared more about my education as a pension director than his own time. He loved TRS and knew the importance of its mission. Our members are similarly unselfish and also care about the education of the next generation. TRS will be there every step of the way with our membership, trying to ensure our members have a secure retirement.

