



# OREA *News Bulletin*

Fall 2010

A Publication of the Oklahoma Retired Educators Association

## *Be Ready for Pension "Reform"*

Based on the recent pronouncements of state political leaders, OREA is preparing for full participation in public dialogue that seems certain to occur in coming months concerning possible "reform" of the state's retirement systems, including the Teachers' Retirement System. In fact, because of TRS' long history as one of the nation's most poorly funded major public pension systems, it is likely to be the focal point of much of the conversation and debate.



*Weldon Davis,  
President*

While some early comments of legislators and other leaders about possible pension reform measures are reason for concern, OREA will withhold judgment until we learn what their true motives might be. If they are interested in taking steps to make Oklahoma's state-sponsored pension systems more structurally and financially sound, we will be allies. If their intent is to dismantle the defined benefit plan design of TRS or other state systems, we will be strongly opposed. OREA members all across Oklahoma will work together, not alone, and speak with one strong voice to protect pension benefits for current and future retirees.

I urge all members to stay tuned to the coming dialogue and debate on the issue of pension "reform." We'll keep you informed of any significant developments. Be ready to do whatever is necessary to protect the legitimate retirement interests of retired educators. In the meantime, contact your legislators, urging them to provide TRS the funding it needs, but to maintain the defined benefit plan design.

## **"Defined Benefit" vs. "Defined Contribution"**

### **Retirement Plans**

What are some of the fundamental differences between "defined benefit" and "defined contribution" retirement plans?

Under a defined benefit retirement plan, the employee receives a pre-determined guaranteed lifetime benefit at the time of retirement. The pension benefit is not subject to the vagaries of the stock market, interest rates, company profits or other business or governmental factors. The employer – private or public – is responsible for funding the defined benefit plan, but employees may be required to contribute. In most cases, an employee's defined benefit is determined by a final average salary times a percentage factor times the number of years of service to the employer.

A defined benefit retirement plan is often referred to as the second leg of an employee's retirement stool, the first leg being Social Security, and the third leg being the employee's personal savings and investments. The employer – not the employee – is responsible for investing the plan's retirement funds. The employer most often hires an investment consultant to administer the plan and make investments.

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# OREA FUND RECOMMENDS ASKINS, CORN, AND PADDACK

The non-partisan OREA Fund Committee recently announced the candidates it is recommending to OREA members in the November 2<sup>nd</sup> general election.

Heading the list are Jari Askins for Governor, Kenneth Corn for Lt. Governor, and Susan Paddack for State Superintendent of Public Instruction. The recommendation for each candidate is based on his/her previous record of support for key retired educator goals, plus the answers provided by the candidate to an OREA Fund survey focusing on retired educator issues. Each of the three recommended candidates scored 100% on the survey in support of OREA goals.

Mary Fallin (Governor), Todd Lamb (Lt. Governor), and Janet Barresi (State Supt.) all declined to complete candidate surveys, and by committee rule cannot be considered for recommendation.

The committee makes no other recommendations in statewide races. Candidates Scott Pruitt (AG), Jim Priest (AG), Kim Holland (Insurance Comm.), John Doak (Insurance Comm.), and Ken Miller (Treasurer) all declined to submit a candidate survey. Stephen Covert (Treasurer) submitted a survey, but no action was taken regarding his candidacy. Surveys were not given to candidates in the races for State Auditor and Inspector or State Labor Commissioner.

In state Senate races, the committee recommends Neil Brannon (SD4), Jay Paul Gumm (SD6), Roger Ballenger (SD8), Darryl Roberts (SD14), John Sparks (SD16), Cliff Aldridge (SD42), and Andrew Rice (SD46). Each is recommended on the basis of a legislative record of support for key retired educator goals.

In races for the state House of Representatives, the committee recommends:

Dennis Bailey (HD1)	Glen Bud Smithson (HD2)
Mike Brown (HD4)	Ed Cannaday (HD15)
Danny Morgan (HD32)	Wes Hilliard (HD22)
Ken Luttrell (HD37)	Colby Schwartz HD43)
Wallace Collins (HD45)	Scott Martin (HD46)
Samson Buck (HD49)	Jeff Hickman (HD58)
Gus Blackwell (HD61)	Ann Coody (HD64)
Seneca Scott (HD72)	Jeannie McDaniel D78)
David Dank (HD85)	Al McCaffrey (HD88)
Mike Reynolds (HD91)	Scott Inman (HD94)
Mike Shelton (HD97)	Gary Banz (HD101)

Each is recommended on the basis of a legislative record of support for key retired educator goals.

The Fund is the political action wing of OREA. It is registered and complies with regulations of the State Ethics Commission. All contributions made to the campaigns of recommended candidates come from funds voluntarily given by OREA members. OREA dues money is not used for campaign assistance to candidates.

## OREA BOARD of Directors

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*Defined Benefit vs. Defined Contribution Retirement Plans...continued from Page 1*

Generally speaking, large institutional investors are able to manage assets in a defined benefit plan more efficiently and at less cost than comparable assets in individual pension plans. Proponents of defined benefit plans argue superior benefits for longer term employees.

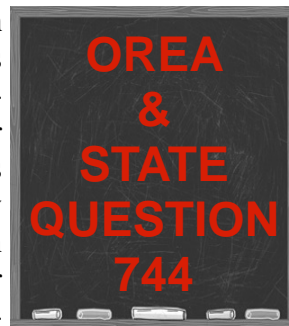
Under a defined contribution plan, the employer and employee usually combine to contribute a set amount – either in dollars or percentage of pay – to an employee’s individual savings or retirement account. The employee is not guaranteed a certain amount of money at the time of retirement. The employee may be responsible for investing contributed funds, or the funds may be entrusted to investment professionals, or a combination of these two approaches can be used.

The growth or decline of an employee’s defined contribution account can be dependent on stock prices, interest rates, company profits, or other business or governmental factors. The timing of an employee’s retirement can be important, since the value of a defined contribution account can vary considerably, particularly if funds are invested heavily in stocks or other risky investments.

Defined contribution plans became particularly popular during the 1990’s due to the rapid growth of the economy, which was reflected in the rising price of stocks. They have been less popular in recent years due to downturns in the economy resulting from major domestic or international calamities or periodic business recessions.

Switching from a defined benefit to a defined contribution plan has been a way for private or public employers to free themselves from long term financial obligations related to employee retirements. On the other hand, proponents often refer to the portability advantage of defined contribution plans for employees who move frequently from one employer to another. Generally speaking, individual employees pay higher investment costs in defined contribution plans.

One of the more high profile state questions facing Oklahoma voters in the November 2<sup>nd</sup> general election is SQ 744, backed by several pro-education organizations. Voter approval would require the Oklahoma legislature and governor to increase per student common schools (preK-12) funding up to the average level of per student funding in states surrounding Oklahoma. The increase would take place over a period of three years.



Supporters of SQ 744 say that new revenue derived from approval of the measure would provide the resources to improve educational opportunities for Oklahoma’s public school students. Supporters also contend that a variety of other efforts to get the legislature and governor to improve education funding have fallen on deaf ears, and that the state question approach is the last recourse for educational progress.

Other organizations oppose the measure, arguing that its approval would take away control over the state’s budget from the legislature and the governor, and would cause many key functions of state government to suffer a reduction in funding. In the alternative, they say passage of SQ 744 would require an increase in taxes to meet the new education funding requirements. Opponents also point out that the measure contains no specific funding source to accomplish the increase in educational funding.

The Board of Directors believes that OREA members may have good faith reasons to be on either side of SQ 744. In addition, since the measure does not directly relate to retired educators, the Board will not take a position on the issue. Members are encouraged to vote November 2<sup>nd</sup> according to their own analysis of the state question.



# Oklahoma Retired Educators Association

P.O. Box 18485 • Oklahoma City, OK 73154

For just \$3 a month you can join the only organization whose sole purpose is improving the lives of Oklahoma's retired educators. If you have not yet paid your dues, fill out the membership form below and return to OREA or your local county unit. The membership year runs September 1, 2010 through August 31, 2011.

## 2010-11 OREA Membership Enrollment/Renewal Form

Select from the following types of membership and complete the information below, including your name, social security number, address, city, state, county and zip code. **Please sign the bottom of the sheet if you choose Continuous (\$3 a month):**

### OREA (State) - Select One

OREA Annual (\$36.00)

Continuous (\$3 per month withheld by TRS) **Be sure to sign the bottom of the form for continuous membership**

### NEA-Retired (Optional) - Select One

NEA-Retired Annual (\$25 - cannot be payroll deducted)

NEA-Retired Lifetime (\$200 - cannot be payroll deducted)

**Dues payable by check or money order to OREA**

**The following section must be completed - please print**

\_\_\_\_\_  
Name Social Security Number (*required by TRS*)

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State County Zip

\_\_\_\_\_  
Telephone E-mail Address

### \*Continuous Membership Authorization

I authorize the Teachers' Retirement System of Oklahoma to deduct \$3.00 each month from my benefit check and remit same to the Oklahoma Retired Educators Association for payment of membership dues. This authorization is to remain in effect until canceled by written notice to the OREA. I understand this is a voluntary authorization and my receiving a monthly benefit is not dependent on membership in the Association.

*(Sign below only if you wish to have your OREA membership dues deducted from your TRS benefit check)*

\_\_\_\_\_  
Signature Date

## OREA Membership Campaign Underway

OREA kicked off the 2010-11 annual membership campaign in earnest with a mailing to 32,000 retired Oklahoma educators and/or their beneficiaries the first week of September. Within days, hundreds of new memberships had been received at the OREA office. It was a good start to what we hope will be a fourth straight year of membership growth.

In addition to statewide membership efforts, local units all over Oklahoma are in the midst of their own campaigns, recruiting both local and state members. Local leaders are a vital link in the overall membership recruitment process. We cannot thank them enough for their dedication to OREA's and their own local units' success.

Fall might be the busiest time of year for membership recruitment, but gaining new members is a year-round priority. OREA's influence at the Capitol and other places where decisions are made affecting retired educators is directly proportional to the number of members we have.

The OREA membership campaign features an attractive new brochure certain to convince prospects of the high level of professionalism of our association. It highlights the 2010-11 membership theme of "Growing Stronger, Staying Together!" Members can take pride in OREA, and we certainly take pride in them.

## OREA Will Be Partner In Public Pension Coalition



Anticipating the coming discussion on possible "reform" of Oklahoma's state-sponsored public retirement systems, several state associations concerned with protecting the legitimate pension interests of retired educators, state employees, state law enforcement officers, local police and firefighters, and others have committed themselves to cooperative efforts to ensure full engagement in the dialogue and debate likely to take place.

OREA will be a partner in a newly-formed coalition for this purpose. More information on the purposes and work of the coalition will be announced in the near future.

## OREA FINANCES in the BLACK

As our members have a right to expect, OREA finished the fiscal year on August 31 with less-than-expected expenditures and more-than-expected revenues. This combination led to an \$18,000 improvement in OREA's cash position. The positive financial numbers are due in part to continued membership growth, but also to close scrutiny of each budget category. The OREA Finance Committee, headed by Chairperson Matti Palluconi, works with association management and staff throughout the year to ensure adherence to sound budgetary practices. In addition, all OREA financial processes are subject to external audit by the auditing firm of Cole and Reed, PC.

## State Office Contact Info

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# Chosen for 2011 Convention



**Tulsa Doubletree Hotel at Warren Place**

After a highly successful 2010 Annual State Convention and House of Delegates in May on the OSU campus in Stillwater, the OREA Convention Committee and Board of Directors recently decided the annual event will hit the road again in 2011.

The Doubletree Hotel at Warren Place in Tulsa has been chosen as the site for the May 20, 2011 convention. About the selection, President Weldon Davis said, “The committee and board recognized the importance of making this important annual event readily available to more OREA members. The convention has historically been held in central Oklahoma, imposing long distance travel on some members and delegates. The growth of the convention, and addition of the House of Delegates, has also dictated a search for suitable host facilities. In the Doubletree at Warren Place, we have a great place for our convention.”

Davis added that “it is the intent of the Convention Committee and Board of Directors to rotate the convention site in future years in an effort to bring the event closer to even more members. It could be coming to a town near you in the not-too-distant future.”

More convention information will be provided in future **News Bulletin** issues, including the keynote speaker and line-up of special workshops. Local units can make general plans regarding representation at the House of Delegates based on their 2010 delegate numbers, although final allocation will be based on unit membership as of March 1, 2011. Transferable discount convention tickets will be offered for sale soon.

Members are encouraged to begin making plans to attend the 2011 OREA Annual State Convention and House of Delegates. Mark the Friday, May 20, date, and, if you can, plan on attending the pre-convention hospitality the night before. Discount hotel rates at the Doubletree Warren Place also will be announced in the near future.

## OREA

### Participates In TRS Pre-Retirement Seminars

They're being held in Lawton, Tulsa, Oklahoma City, Woodward and McAlester from September through November. What are they? They are Teachers' Retirement System pre-retirement seminars for active educators contemplating retirement in the near future.

Demonstrating TRS' elevated emphasis on quality client service, Dr. James Wilbanks, TRS Executive Director, and his dedicated staff are taking the services of the retirement system directly to hundreds of future retirees. The seminars are held on Saturday mornings from 8:30 a.m. to noon at various career tech campuses. Subjects covered include the essential details of the retirement process, determining retirement benefits, making critical benefits choices, how to coordinate TRS benefits with Social Security and Medicare, and the importance of supplemental saving/investing for a prosperous retirement. Plenty of TRS retirement counselors are on hand to provide individual counseling and estimates of retirement benefits.

OREA appreciates the opportunity for involvement in the seminars through operation of an information booth. We are able to communicate directly with future retirees about the advocacy role of OREA, its history of accomplishments, current and future goals, and the many personal, financial, and professional benefits that come with membership.



## Questions to Ask Your Legislator

- Will you commit to finding new sources of funding for the Teachers' Retirement System, to bring the system to an acceptable level of actuarial funding over a reasonable period of time?
- Will you vote for a bill to provide retired educators with a COLA equal to what is provided to retirees in other state retirement systems?
- Will you vote to increase the state subsidy for retired educator health insurance from the current \$105 per month, an amount that has not been increased in 10 years?
- Will you pledge to fight to maintain the defined benefit plan design of the Teachers' Retirement System?
- Will you vote to provide a nominal one-time stipend to long-time retired educators living in poverty?
- Will you support an increase from \$5,000 to \$7,500 in the death benefit payable to the beneficiaries of retired educators?

## OAAE Hall of Fame Event to Honor Black Educators

A special event to honor the significant contributions of Oklahoma African American Educators will be held Tuesday, October 19, at 7:00 p.m. at the Oklahoma History Center in Oklahoma City. Dr. Jimmie Lewis Franklin, Professor Emeritus of History at Vanderbilt University and



the second African American to earn a Ph.D. in History from the University of Oklahoma, will be the guest lecturer. Other dignitaries will be on the program, which is free and open to the public. For more information, contact Dr. Donnie Nero at (918) 463-3138 or [ndonnie@connorsstate.edu](mailto:ndonnie@connorsstate.edu).

## If You Don't Have a Local Unit... **GET ONE!!!**

In addition to their involvement in OREA projects, thousands of members enrich their lives through the activities of local OREA units statewide. The schedules, programs and venues might vary, but local units offer informative and entertaining programs for members throughout the year, usually accompanied by some of the best food available. Whether in the Christian Church in Newkirk, the Brick Street Café in Okemah, the Pizza Hut in Poteau or Claremore, Freddie's Steakhouse and BBQ in Sapulpa, the Elks Lodge in Ada, the Mark Restaurant in Weatherford, the high school in Madill, or dozens of other places, the common theme is fun, fellowship and joint purpose.

If you haven't had the pleasure of the local unit experience, then you are encouraged to check out the listings of local units and meeting schedules on the OREA website at [www.orea.org](http://www.orea.org). If the computer is not your thing, then give the OREA office a call at (800) 310-2230 or (405) 523-2230.

## **exclusive** **MEMBER BENEFITS**

Are you taking full advantage of the many exclusive benefits of OREA membership? Why not check them out by visiting [www.orea.org](http://www.orea.org), or calling the OREA office for further information? We think you will be surprised at the wide range of quality products and services available to you at significant discounts. In particular, at the OREA website you will find links to Association Member Benefits Advisors and North American Life Plans, LLC, two outstanding companies that specialize in meeting the real life needs of retired educators.

## “Create the Good” Website Shares Ways to Make a Difference

Looking for ways to make a difference by volunteering either as an individual or as a group project? The website at [www.CreateTheGood.org](http://www.CreateTheGood.org) provides various opportunities for connecting with current and/or potential ways to help in local communities.

The website provides volunteer opportunities based on the user’s zip code. The site also includes how-to videos for simple projects, like winterizing homes, starting a walking group, etc. The site includes opportunities for service that can take as little as five minutes, as well as on-going activities over extended periods of time.

AARP (OREA is affiliated with AARP/National Retired Teachers Association) has launched this website in response to studies which show that half of Americans are helping others by giving food or money through organizations. Volunteers benefit by getting access to a community of people to share ideas, learn new skills, and read about the latest ways people are making a difference in their community as well as across the country.

The term “Create the Good” came from a speech Ethel Percy Andrus, AARP’s founder, gave on community service where she said, “The challenge (is) to live up to our better selves, to believe well of our fellow men and perhaps by doing so to help create the good, to experiment, to explore, to change, and to grow.”

(Reprinted by permission from

Maryland Retired School Personnel Association News)

## Employment Opportunities



Health Teacher, a privately-held company, is looking for a health education coordinator to serve as a point person in a local area to implement Health Teacher software in classrooms. Must provide own laptop and have dependable transportation. Pay is \$21 per hour, plus mileage, Internet, and phone reimbursement. Learn more at [mcminnhrrecruit1@cox.net](mailto:mcminnhrrecruit1@cox.net).

America’s choice, a private company, is seeking outstanding secondary literacy and mathematics professionals to serve as coaches and trainers in Oklahoma City and Tulsa. Salaries commensurate with experience, beginning at \$70K per year, plus benefits package. Inquire at [careers@americaschoice.org](mailto:careers@americaschoice.org), or call (202) 378-2105.

The **OREA News Bulletin** is published four times yearly in January, April, July and October as the official newsletter of the Oklahoma Retired Educators Association. OREA Headquarters are located at 323 E. Madison, Oklahoma City, OK 73105. The opinions expressed in this newsletter do not necessarily reflect the official positions of the organization. Questions, comments, or suggestions about the **News Bulletin** are welcome, and may be communicated to Norman Cooper, Executive Director, P. O. Box 18485, Oklahoma City, OK 73154.

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