



OREA *News Bulletin*

A Publication of the Oklahoma Retired Educators Association

Summer 2010



*Weldon Davis,
President*

OREA: Strong and Resolute

In many respects, the 2010 legislative session was both challenging and disappointing for OREA members. We gave great organizational and individual effort toward accomplishment of our legislative agenda, particularly the goal of fair and equitable COLA treat-

ment for retired educators.

The irony is that our efforts won us a version of the fairness and equity for which we fought, although a zero percent COLA isn't exactly what we had in mind. Breaking from an every-other-year pattern of granting 4% COLAs to other retirement systems and 2% to TRS, legislative leaders this year used the poor condition of the state's economy and budget as their excuse to give COLAs to no one.

So does that mean our efforts meant nothing? Should we have just acknowledged from the beginning of the session that we didn't have a chance of making COLA or health insurance premium subsidy progress? Wouldn't it have saved a lot of time, organizational resources, and individual effort and expense?

No way. Everything we did this year was worth it. While we have nothing tangible to show for it, I am convinced that we have planted a seed with the legislature – particularly House and Senate Republican leaders – that will pay future dividends, if we remain united and active in the sessions to come.

Who could not be impressed by the turnout of more

than 400 OREA members at our legislative lobby day and luncheon at the state Capitol on March 2? No one can recall a stronger OREA effort. The quantity and quality of the personal meetings held with legislators that day, augmented by other legislative contacts throughout the session, in my opinion laid the foundation for more favorable outcomes in 2011 or 2012.

Sooner or later – hopefully sooner – the economy will get better, state revenues will rebound, and TRS investments will return to a positive growth pattern. Our fortunes will improve, but only if we stay involved.

More visible evidence of OREA strength and member resolve is the attendance of approximately 450 members at the annual state convention, held May 14 in Stillwater. The overall atmosphere projected an image of a strong, vital and positive organization committed to making progress now and in the future. Attendance by more than 250 certified delegates to the new House of Delegates offered proof that OREA is getting better organized, developing a sharper message, and is ready to call more troops to frontline duty.

I am proud to have served as your President this year, and I thank you for electing me to a new two-year term. I look forward to working with all members to make OREA stronger and more effective. Our motto remains the same: "Together, not alone, we speak with one strong voice to improve the lives of Oklahoma's retired educators." Thanks for being a member, and thanks for your commitment to accomplish our mutual goals.



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Final 2010 Legislative Progress Report

The 2010 legislative session operated in the shadow of a \$1.2 billion state budget shortfall. As a result, top leadership in the Republican-controlled House and Senate prevented final consideration of COLA bills for all state-sponsored retirement systems. Through the efforts of OREA members and professional lobbyists, several COLA bills advanced and were believed to have had strong bipartisan support in both houses.

Efforts to improve the monthly state subsidy for retiree health insurance premiums gained little traction. Such a subsidy would have required a \$35-40 million legislative appropriation.

Progress was made in positioning legislation for future passage of a special one-time catch up benefits stipend for certain TRS annuitants retired prior to 1995 and receiving minimal benefits.

The session saw no clear attack on the defined benefit plan design of the Teachers' Retirement System. However, developments outside the legislature portend such an attack in future sessions. OREA will remain vigilant on this issue.

OREA managed to protect all existing sources of revenue to TRS, even though reduced tax revenues resulted in reduced allocations to the pension system. Bills aimed at establishing new revenue streams to TRS were sponsored but did not advance far in the legislative process.

Strong support for improvement of the current \$5,000 death benefit payable to the beneficiaries of retired educators was identified, with the likelihood that legislation for this purpose will receive serious consideration in the 2011 and 2012 sessions. Two bills passed by the legislature and signed into law by the governor will provide greater flexibility to future retirees in selecting certain benefits options. Also, beginning July 1, named death benefit beneficiaries in each state-sponsored retirement system will be able to designate a funeral home for assignment of death benefits, thus avoiding tax withholding.

A bill to provide OREA a voting voice on the TRS Board of Trustees passed the Senate, but was not heard in the House. Efforts will continue on this issue in future sessions.

The Difference Between a 2% and 4% COLA?



For almost three years, OREA has constantly said that it's wrong for retired members of the Teachers' Retirement System to receive only 2% biennial COLAs (cost-of-living adjustments) when retirees in other state pension systems receive 4%.

In the spring issue of this newsletter, interested members were challenged to calculate the difference between a 2% and a 4% COLA granted every-other-year over 20 years.

Dozens of members took us up on the math challenge, did their calculations, and submitted their answers. Although the methodologies varied somewhat, there appeared to be a consensus answer to the problem. Most members concluded that the difference between a 2% and a 4% COLA granted to an average TRS annuitant over a 20-year period would be approximately \$47,000. That's right, a retired educator continuing to receive a 2% COLA every-other-year for 20 years would receive approximately \$47,000 less than a retired state employee receiving a 4% COLA.

How about it? Would \$47,000 over the next 20 years be helpful to you? If so, we'll welcome your efforts to convince the legislature to correct this pension inequity.



In a new location and sporting several new looks, the 2010 OREA Annual State Convention and first-time House of Delegates rated exceptionally well with almost 450 members

in attendance on May 14 in Stillwater. Beginning with a lively and well-attended hospitality at Joseppi's Italian Kitchen the evening before, the statewide event ran smoothly throughout. Keynote Speaker Frosty Troy, in his usual fashion, informed and entertained the audience with his biting commentary.

Matti Palluconi and Dick Neptune were named the first-ever winners of the OREA "Friend of Retired Educators" award. Several OREA members and local units received awards for membership promotion, service projects, and volunteer activities. During the noon luncheon, almost \$5,000 was raised in voluntary contributions to the OREA Fund for campaign assistance to recommended candidates for the legislature and statewide offices. In the afternoon session, approximately 40 "Very Important Members" were recognized for many years of distinguished service to their local units.

Following the convention, more than 250 elected delegates conducted the business of the association for the first time as a House of Delegates. Among several items, delegates approved a recommendation of the Board of Directors to maintain annual dues at the current \$36 level. Delegates heard reports from all committees describing the comprehensive work of the association, including a financial report. Weldon Davis and Elaine Dodd were re-elected as President and Vice President, respectively, for two-year terms beginning July 1.

Accompanying the convention were eight early morning workshops on a variety of interesting topics. The presenters were lively, entertaining and informative, evoking a positive response from members.

Thanks to all OREA members in attendance, with special thanks to those whose volunteer efforts made the event a success.

OREA: More Members, Strong Financial Condition

As OREA approaches the August 31st end of its membership year, there is plenty of positive evidence of the organization's overall good health. For the third straight year, dues paying membership will increase, although there continues a decline in the number of lifetime members, a category of membership no longer offered. The association is on track to complete the fiscal year with revenues exceeding expenditures. Surplus funds will be added to ample reserve funds to be used in cases of financial emergency. A summary of the OREA annual budget was contained in the convention handbook made available to all in attendance at the Annual State Convention and House of Delegates in Stillwater on May 14. Members seeking information on the OREA budget are encouraged to contact the OREA office at anytime.



Palluconi and Neptune Garner "Friend of Retired Educators" Awards

Dick Neptune and Matti Palluconi are the first recipients of the prestigious OREA "Friend of Retired Educators" award, given during the general session of the 2010 OREA Convention in Stillwater on May 14. Neptune is a former OREA President and current member of the Board of Trustees for the Teachers' Retirement System. Palluconi is a former member of the TRS Board and current OREA Finance Committee Chair. Both were cited for their leadership and courage displayed in 2008 when the TRS Board took the bold step to increase the annual assumed cost-of-living adjustment (COLA) rate for the retirement system from 1% to 2%, which made the TRS rate the same as other state-sponsored systems. The 1% rate for several years served as an obstacle in the way of fair and equitable COLA treatment for the state's 46,000 retired educators. Now the issue of fairness and equity is in legislative hands.



OREA President Davis presenting the awards to Matti Palluconi and Dick Neptune

Sharon Walker New East Central District Director



Sharon Walker, Okfuskee County Retired Educators Association member and community activist, was recently elected to a three-year term on the OREA Board of Directors as Director for the East Central District. She replaces Theo Crawley, who will finish her second term in office June 30. Walker will represent OREA members in Okfuskee, Hughes, Okmulgee, McIntosh, Muskogee, Wagoner, Sequoyah, Cherokee and Adair counties. She will also assist local units in membership promotion, organizational growth, and leadership development.

Salute to Local Unit Leaders, Committee Members & Advocates

Enough can never be said about the importance of the hundreds of OREA members who hold leadership positions in local units, serve on statewide OREA committees, or devotedly participate in association advocacy efforts throughout the year. They are the heart and soul of OREA. They create and maintain the spirit of our great organization, which has been the undisputed leader in the fight to improve the lives of Oklahoma's retired educators since our founding in 1952. Space, time and memory don't permit naming everyone here, but you know who you are. OREA is grateful for your many contributions.

Good Candidates Need Campaign Assistance

Hundreds of candidates filed in early June for election to 101 seats in the Oklahoma House of Representatives, 24 seats in the state Senate, and several statewide offices. The primary election for Republican and Democrat candidates will be held July 27. Needed runoff elections will come three weeks later, followed by the 2010 general election on November 2.

The OREA Fund Committee, made up of elected members of the Board of Directors and others appointed by President Weldon Davis statewide for representative balance, administers the OREA Fund, a campaign assistance fund for candidates recommended to members. The committee held its first meeting of the 2010 election cycle in Oklahoma City on June 10. Most announcements regarding recommended candidates will be made in September.

OREA members wishing to communicate with the committee regarding candidates for any specific legislative or statewide office may do so by contacting Executive Director Norman Cooper at OREA, P. O. Box 18485, Oklahoma City, OK 73154.

The OREA Fund provides campaign assistance to recommended candidates from funds voluntarily contributed by members. Dues collected from members for regular operation of the organization are not used to support political candidates. The OREA Fund Committee respects the right of its members to exercise individual choice in all elections.



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NEW ENDORSED

LONG TERM CARE

POLICY FOR OREA MEMBERS



When It Rains It Pours

It is well known that the poor state economy and a \$1.2 billion revenue shortfall made it difficult for legislative leaders and the governor to craft a balanced state budget for the fiscal year beginning July 1. Less recognized, however, is the financial impact reduced tax revenues have had on TRS funding in the current fiscal period. According to the report of Executive Secretary Dr. James Wilbanks to the TRS Board in its June 23 meeting, state dedicated revenues to TRS from a 5% share of the state's personal and corporate income, sales and use taxes are lagging previous year's receipts by more than \$37 million. At a time when TRS needs more money to deal with its funding problems, it is receiving less.

After an extensive review by the Benefits Committee and approval by the Board of Directors, a new long-term care policy, marketed by Association Member Benefits Advisors (AMBA) and underwritten by Transamerica Life Insurance Company, has been chosen for OREA members and their families.

Transamerica Life Insurance Company, rated A (Excellent) by A.M. Best (as of 4/09)¹, was selected because of its financial strength, comprehensive benefits, and special discounted rates for OREA members. This coverage has been negotiated on behalf of retired educators in many states, and we believe it is one of the finest available.

Please note that the change in long term care providers **does not affect any existing policy** you may have. To have your current coverage reviewed and compared, or to receive information on this new benefit, **contact AMBA at 1-800-258-7041.**

~ Advertisement ~

¹A.M. Best Company, based on overall strength and ability to meet ongoing obligations to policyholders. The ratings refer only to the overall financial status of the company and are not a recommendation of the specific policy provisions, rates or practices of the insurance company. The Rating of A is 3rd of 16 Rating Categories.

HealthChoice Premium Rate Setting Begins

The Oklahoma State and Education Employees Group Insurance Board (OSEEGIB) began the annual premium rate setting process for the various HealthChoice insurance programs when it heard from consultants about medical trends and recent claims experience at its regular meeting on Friday, June 25. Among other things, consultants told the board "2011 medical trends will be approximately 8% to 10%." Tentative health and dental rates for active employees and pre-Medicare retirees will be revealed at the board's next meeting on July 23.

OREA BOARD of Directors

President Weldon Davis (405) 495-1069	East Central Director Sharon Walker (918) 623-1158	Southeast Director Sharon McKeever (580) 933-7806	Government Relations Chair Lonnie Fuson (580) 355-0131
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OREA Volunteers Make A BIG Difference!

Assessment Administrators Needed

The National Assessment of Educational Progress (NAEP) is seeking motivated individuals to proctor assessment sessions with 4th, 8th and 12th grade students in schools, with availability required January 24 – March 4, 2011. Individuals selected will receive regular compensation, plus pay for training and mileage reimbursement for local driving. Paychecks will be weekly. Positions will be part-time and temporary. Applicants should go to www.westat.com/jobs and insert 3260BR in the space provided. For more information, e-mail NAEPrecruit@westat.com or call 1-888-237-8036.

* Counties not listed below did not report volunteer hours *

County	Total Hours	County	Total Hours
Adair	9,324.5	Lincoln	3,631.0
Blaine	2,752.0	Love	2,555.0
Craig	1,580.0	Major	6,914.0
Creek	12,220.0	Mayes	3,182.0
Custer/Dewey/Washita	6,575.0	Nowata	2,263.0
Delaware	2,469.25	Oklahoma	6,468.0
Garfield	1,911.0	Pontotoc	5,819.0
Garvin	1,860.0	Pottawatomie	2,963.0
Haskell	542.0	Rogers	3,592.0
Jackson/Tillman	3,198.5	Seminole	4,701.0
Kay	6,960.0	Texas/Cimarron	3,365.0
LeFlore	4,339.0	Wagoner	6,664.0
		Washington	5,770.0

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