



# **Voluntary Buyouts, Reductions-in-Force & Furloughs**

Presented by OPERS  
March 23, 2016

# Presenter

**Patrick W. Lane**

*Director, Member Services*

(405) 858-6720

[plane@opers.ok.gov](mailto:plane@opers.ok.gov)

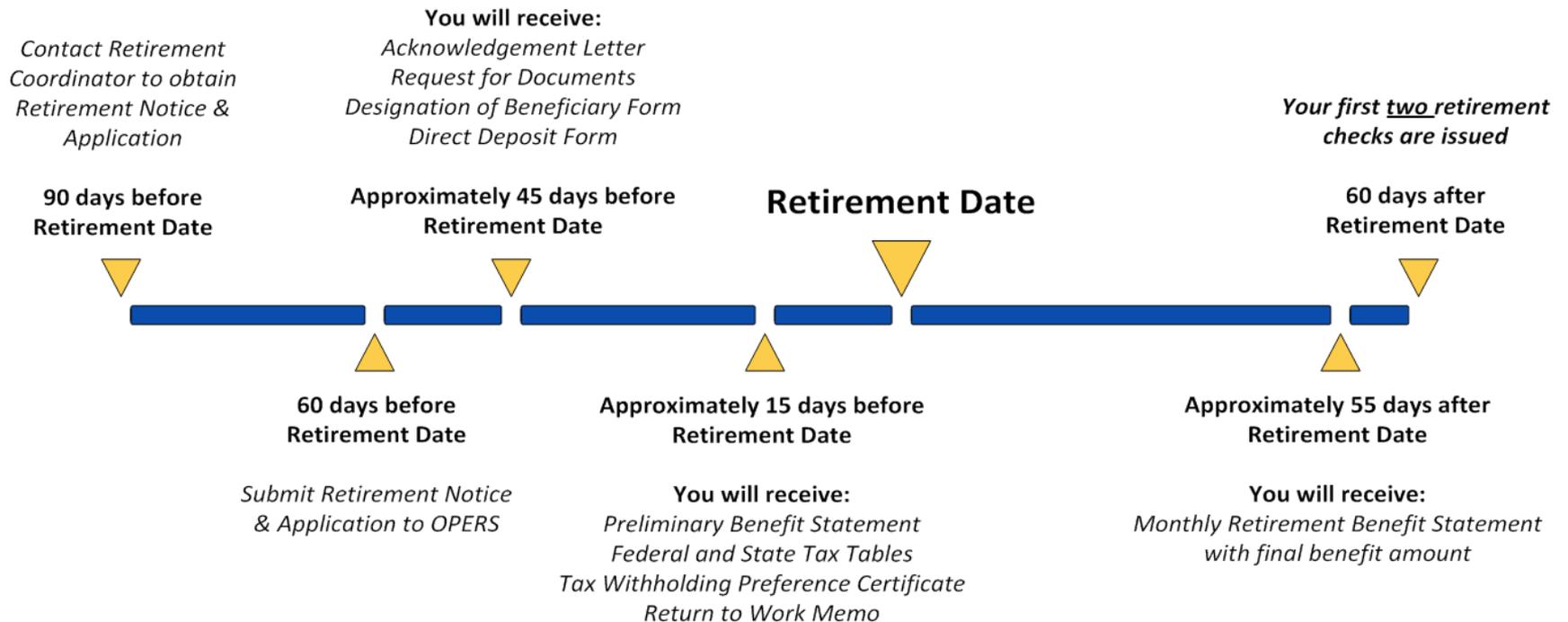
# Important!

- If you are even considering a voluntary buyout, RIF or furlough, please tell us now.
- We understand this is sensitive information and you want to control how it is released. **Discretion is our highest priority.**
- If you do not bring us in early, we risk delays.
  - OPERS is working on 500-700 applications at any given time. VOBO-related applications have more than doubled our normal volume in the past.
  - Early notice is critical for us to respond effectively to this level of demand.

# OPERS Resources

- We are here to help your employees through this process, but we need timely coordination with you to make it work.
- Retirement is an intimidating process for most people. Adding a VOBO or RIF to the process makes it even scarier.
- We can assist with pre-retirement meetings, paperwork, etc.
  - Don't attempt to schedule meetings with employees too close to retirement application deadline.

# Voluntary Buyouts (VOBOs)



# Three Groups, Their Options

- Insufficient service to retire or vest
  - Withdraw employee contributions and forfeit OPERS service; or,
  - Leave contributions deposited with OPERS and retain service if member returns to covered employment.
- Eligible to vest, receive benefits in the future
  - Earned enough service credit to receive OPERS benefits when member reaches retirement-eligible age.
- Eligible to retire, submit *Retirement Notice & Application* to begin receiving OPERS benefits.

# Voluntary Buyouts (VOBOs)

- Members accepting VOBOs must adhere to **60-day notice requirement** for submitting *Retirement Notice & Application*.
- VOBOs do not constitute a hardship or waiver of the 60-day notice requirement.
- Filing deadline schedule for retirement application:

Application Deadline	Retirement Date	Payment Date
April 4, 2016	<b>June 1, 2016</b>	July 29, 2016
May 2, 2016	<b>July 1, 2016</b>	August 31, 2016
June 2, 2016	<b>August 1, 2016</b>	September 30, 2016
July 5, 2016	<b>September 1, 2016</b>	October 31, 2016

*Full schedule available online at [www.opers.ok.gov/dates-and-deadlines](http://www.opers.ok.gov/dates-and-deadlines)*

# Voluntary Buyouts (VOBOs)

OPERS will have several questions and requests for information from you in the event of a VOBO:

- What will be the effective retirement date(s)?
- What will be the last date on payroll?
- How many employees do you anticipate will be affected?
- Provide a list including SSN (preferred) or employee identification number. **Who and when?**
- What is unused sick leave balance for each member?
- Who will be the official contact regarding VOBOs? Ongoing coordination will be required.

# Voluntary Buyouts (VOBOs)

## Warnings and cautions:

- Do not assume an employee is eligible to retire.
- Employees who are barely eligible should watch their sick leave balances closely and avoid leave without pay.
- Do not take retirement contributions out of VOBO payments (including VOBO-related longevity payments).
- While this has never happened before, there is a chance some retirees may receive their first retirement payment late. If this occurs, they will receive retroactive payment of benefits back to the retirement date.

# Reductions-in-Force (RIFs)

A member of OPERS with at least six years of participation may purchase **termination credit** to preserve his/her retirement date provided the member is:

- Within three years of normal retirement
  - At age 62 for those who begin participating in OPERS prior to November 1, 2011; or,
  - At age 65 for those who began on or after November 1, 2011.
  
- Within six points of normal retirement under the 80 or 90-point provisions
  - At least 74 points toward 80; or,
  - At least 84 points toward 90.

# Reductions-in-Force (RIFs)

- A member meeting those requirements may purchase the lesser of:
  - Three years; or,
  - The combination of years and months required to reach the normal retirement date.
- The purchase allows them to preserve the same normal retirement date had their position not been terminated.

# Reductions-in-Force (RIFs)

- The cost to purchase termination credit is an amount equal to the employee and employer contributions which would have been paid to OPERS through the member's normal retirement date.
- The member has a period of six months from the termination date to elect to purchase termination credit and must make full payment to the System of all required contribution amounts within 60 days of filing the election to purchase the credit.

# Furloughs

- Normally, leaves of absence do not count toward a member's retirement service credit. Approved furlough is the exception.
- Mandatory furlough is **not** treated as leave without pay.
  - Member will **not** lose service accumulation or compensation for retirement purposes during periods of furlough.
- It is as if the member was still on the job in terms of service credit accumulation and compensation in the calculation of retirement benefits.

# Takeaways

- Get us involved early and provide us a dedicated point of contact in your agency for the entire process.
- Engage our communications group to provide seminars and assist with paperwork.
  - Don't schedule meetings too close to deadlines.
  - We will also need to streamline the collection of vital documents to complete the retirement process (i.e., birth certificates, marriage licenses, etc.)
- We are here to help!

# Thank you!

Visit us online at:

[www.opers.ok.gov](http://www.opers.ok.gov)

[www.soonersave.com](http://www.soonersave.com)

OPERS / SoonerSave

P.O. Box 53007

Oklahoma City, OK 73152-3007

(405) 858-6737 (OKC local)

1-800-733-9008 (toll-free)