Oklahoma Teachers Retirement System

Comprehensive Annual Financial Report

A Component Unit of The State of Oklahoma

Fiscal Year Ended June 30, 2013

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Mission Statement

We collect, protect and grow assets to provide a secure retirement income for public education employees.

Vision

Educate and inform clients who are confident in OTRS' ability to provide their benefits

Clients have access to on-demand, accurate personal financial information

Be a World Class Revitalization Role Model

Core Values

We value the following in delivering our service:

Accuracy

Consistency/Reliability

Timely/Responsive

Security/Confidentiality

Professionalism

OKLAHOMA TEACHERS RETIREMENT SYSTEM

A Component Unit of the State of Oklahoma

Comprehensive Annual

Financial Report

June 30, 2013

Oklahoma Teachers Retirement System

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Introductory Section

OKLAHOMA TEACHERS RETIREMENT SYSTEM

The Board of Trustees
Oklahoma Teachers Retirement System
2500 N. Lincoln Boulevard
Oklahoma City, OK 73105

Dear Board of Trustees:

We are honored to present the 2013 Comprehensive Annual Financial Report (CAFR) of the Oklahoma Teachers Retirement System (the System) for the fiscal year ended June 30, 2013. The information included in this report not only defines our purpose, but represents our commitment to protecting the financial future of our active and retired clients. We accomplish this by monitoring and evaluating our daily operations as well as prudently managing the $12.0 billion of net assets in the fund. The Teachers' Retirement System of Oklahoma is a component unit of the State of Oklahoma.

Profile of System

Established by legislation, the System began operation on July 1, 1943. The System provides retirement allowances and other benefits to public education employees in the common schools, career technology centers, colleges and universities, and other local and state educational agencies of the state of Oklahoma.

The mission of the System is to provide outstanding customer service to all of our active and retired Clients. All services provided by the staff are performed to meet that objective.

Management Responsibility

Management is responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that the transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with generally accepted accounting principles. This system includes written policies and procedures. Responsibility for the preparation, accuracy, completeness and fairness of this presentation, including all disclosures, rests firmly with the System's management. To the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The System maintains a comprehensive internal control framework designed to ensure that assets are safeguarded from theft or misuse, transactions are completed accurately, and financial statements are fair and reliable. Internal control is designed to provide reasonable assurance, but not absolute assurance, that these objectives are met. The concept of reasonable assurance recognizes first, that the cost of a control should not exceed the benefits likely to be derived, and second, the valuation of cost and benefits requires estimates and judgements by management. The System has its own internal audit program with an Internal Auditor who reports directly to the Executive Director and regularly provides written and oral reports to the Board of Trustees.

The System operates according to an administrative budget approved annually by the Board. Although revenue is not appropriated from the State's General Revenue Fund, the budget is submitted to the Legislature as part of the Governor's recommended budget. The System operates under the same budgetary controls that apply to all state agencies.

The basic financial statements are prepared in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board. An independent auditing firm, Cole and Reed PC, has audited the financial statements included in this CAFR and their opinion letter is presented in the Financial Section. Readers are encouraged to review the Management's Discussion and Analysis (MD&A) in the Financial Section for an in-depth discussion of the financial statements and the cause and effect of market conditions, legislation, and changes in operations affecting the System's financial results.

Economic Condition and Outlook

For the year ended June 30, 2013, the System's investment portfolio realized a 17.8% rate of return. This was due to a recovery in the United States and global equity markets.

A properly funded pension plan continues to be the Board's most significant challenge. As of June 30, 2013, only 57.2.% of the System's actuarial liabilities were covered by the actuarial value of assets. This is an increase from the 54.8% funded ratio reported for June 2012. The increase in funded percentage is principally due to a liability gain resulting from valuation salaries increasing slower than assumed and other experience gains resulting from demographic changes different than expected. Based upon the current statutory contribution schedule, the funding period is 17 years. This is a five-year decrease from the 22-year funding period in 2012.

Revenue and Funding

The major sources of revenue for the System are member contributions, employer contributions, dedicated revenue from the State of Oklahoma, and investment income.

Active member contributions for fiscal year 2013 were $290.0 million, which represents 7% of covered payroll. This compares to $291.4 million for the fiscal year ending June 30, 2012. Member contributions include direct payments by members to reestablish service credit, purchase Oklahoma, out-of-state or military service, and payments required to qualify for the Education Employees Service Incentive Plan (EESIP).

Contributions from local employers, the State of Oklahoma, and federal sources for Fiscal Year 2013 totaled $701.3 million, compared to $681.6 million for Fiscal Year 2012. Contributions from local school districts and federal revenues increased by $960 thousand and the State's contribution increased by $18.7million.

Expenses

The System's expenses are attributable to retirement benefit payments including health insurance subsidies, death and survivor benefits, refunds of member contributions and administrative expenses. During Fiscal Year 2013, the System paid $59.0 million more in retirement, survivor, and insurance benefits than in the preceding year; $3.2 million less in refunds to active clients who terminated accounts; and $1.2 million less in distributions from the Systems 403(b) Tax Sheltered Annuity Plan. The increase in retirement and insurance benefits is attributed to a net increase in the number of retired members and the average benefit payments. The decrease in refunds and death benefits is due to a decrease in the number of members making withdrawals from the defined benefit plan. Administrative expenses decreased by $116 thousand due primarily to a decrease in personnel costs.

Investments

For Fiscal Year 2013, the System experienced a 17.8% positive rate of return. Net investment income, including realized and unrealized gains and losses, was a positive $1,793 million compared to a positive $143.7 million for Fiscal Year 2012. Net assets totaled $12.0 billion at market value on June 30, 2013 compared to $10.4 billion on June 30, 2012. These numbers include the amounts held in trust for members who participate in the Systems 403(b) Tax Sheltered Annuity Plan.

On June 30, 2013, the System's investment portfolio mix at market value was 23.50% fixed income, 57.50% equities, 7.00% Master Limited Partnerships, 7.00% real estate, and 5.00% Private Equity As fiduciaries for the retirement funds, the Board of Trustees is responsible for investment of the funds under the Prudent Person Standard. This standard allows the System to allocate trust funds across a broad group of asset classes. The Board of Trustees has elected to limit investments to stocks and bonds, treasury bills and notes, commercial paper, foreign currency exchange contracts, private equity, master limited partnerships and bank deposits collateralized by U.S. Government securities.

A summary of the System's historic performance results and investment activities during Fiscal Year 2013 is presented in the Investment Section.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Teachers' Retirement System of Oklahoma for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This is the twentieth consecutive year the System has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the System must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This report reflects the combined efforts of the System's staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, determining compliance with legal provisions, and as a means for determining responsible stewardship for the assets contributed by the members and their employers.

This report is being mailed to the Governor, members of the Oklahoma Legislature, and the Oklahoma State Pension Commission. This report will also be available on our website at www.ok.gov/TRS.

I would like to take this opportunity to express my gratitude to you, the staff, the advisors, and other people who have worked so diligently to assure the continued successful operation of the Teachers' Retirement System of Oklahoma.

Respectfully submitted,

Joe Ezzell, CPA
Assistant Executive Director
December 18, 2013

TEACHERS RETIREMENT SYSTEM OF OKLAHOMA

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Michael Liddiard
Programmer Analyst/Developer

Olga Phillips
Data Management Analyst

Diane Burdine
Data Management Analyst

OKLAHOMA TEACHERS RETIREMENT SYSTEM

Plan Summary 2012-2013

BEGINNINGS

The Oklahoma Teachers Retirement System (the System) was established July 1, 1943, to provide retirement allowances and other specified benefits for qualified employees of state-supported educational institutions.

ADMINISTRATION

A 13-member Board of Trustees oversees the administration of the System and acts as fiduciary for investing its funds.

CONTRIBUTIONS

As a member of the System, your contribution rate is 7% of your total compensation (salary and your fringe benefits).

Statutes also require employers to contribute a percentage of applicable employee earnings. The employer contribution rate for K-12 school districts, career-techs, and junior colleges is 9.5%. The employer contribution rate for comprehensive universities (University of Oklahoma and Oklahoma State University and their entities) and the state's four-year regional universities is 8.55%.

MEMBERSHIP

Oklahoma statutes require classified personnel to be members of the System. The definition of classified personnel in 70 O.S., § 17-101 includes teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and employees who are employed at least half-time. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week.

Employers of a charter school may join the System if the Oklahoma Teachers Retirement System Board of Trustees approves the school's application for membership.

New employees at the University of Oklahoma, OU Health Sciences Center, and Oklahoma State University have the option to participate in an alternate retirement plan provided by the universities. Employees choosing the alternate retirement plan are not eligible to participate in the System as long as they remain employees of the universities.

SERVICE CREDIT

You must work at least six full school months to qualify for one year of membership. A school month is 20 school days of at least six hours. You will receive partial credit for employment of fewer than six months or between four and six hours per school day. You also may purchase credit for out-of-state service, military service, service with certain Oklahoma governmental entities, and employment in Oklahoma schools before your date of membership.

Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit.

RETIREMENT ANNUITY

You are fully vested after five years of contributory Oklahoma membership service. A vested member can receive benefits after satisfying eligibility requirements.

Members joining the System before July 1, 1992, may retire with unreduced benefits when age and years of creditable service total 80 (Rule of 80). Members joining the System after June 30, 1992 and before November 1, 2011, may retire with unreduced benefits when age and years of creditable service total 90 (Rule of 90). Members joining the System after November 1, 2011 may retire with unreduced benefits when age and years of creditable service total 90, but no earlier than age 60 (Rule of 90/Minimum age 60).

You may retire at age 62 with unreduced benefits after completing five years of Oklahoma service.

You may retire with reduced benefits as early as age 55, if you have at least five years of creditable Oklahoma service.

The Oklahoma Teachers Retirement System is a governmental defined benefit plan under Section 401(a) of the Internal Revenue Code. The retirement benefits paid to our members are not determined by the market value of their retirement account, but rather by a formula. The formula includes years of service and highest average salary multiplied by a 2% computation factor.

The final average salary is not limited to the highest average salary defined under the Rule of 80 (highest three salaries) or Rule of 90 (highest five consecutive salaries), but may include any years previously capped.

The Education Employees Service Incentive Plan (EESIP) provides the opportunity for capped years to be diminished by two years for every one year worked beyond the full retirement eligibility date. If salaries earned prior to July 1, 1995 are greater than $40,000, there will be a cost to participate in EESIP. Clients retiring from a four year university, college or other related entity are not eligible to participate in this plan.

If you work for a comprehensive university (OU/OSU) or other associated entity, your retirement benefit calculation may involve a multi-step process. First, we will determine your capped average salary prior to July 1, 1995. Next we will determine your capped average salary between July 1, 1995 and June 30, 2007. Finally, years of service that did not meet the caps as well as service credit earned after July 1, 2007, will be incorporated into the retirement benefit formula using the highest average of actual total compensation, not to exceed the IRS compensation limits. There may be as few as one average salary or as many as four weighted averages to determine the final average salary used in the final benefit calculation.

Each of the System's five retirement plans provides a lifetime benefit to the member. After the member's death, the designated beneficiary(ies) receive either a lump-sum payment or continued payments to one beneficiary, depending upon the elected plan's provisions.

DISABILITY BENEFITS

You may qualify for disability retirement benefits if a medical condition keeps you from performing your regular duties as a public school employee. You may be considered for an Oklahoma Teachers Retirement System disability retirement benefit if you have at least 10 years of contributory service, you submit a disability retirement application detailing your medical condition (which must have existed while you were employed by the public schools of Oklahoma), and your application is approved by the System's Medical Review Board and the Board of Trustees.

If you are awarded Social Security Disability benefits, you qualify for disability benefits with the System if you incur the disability while employed by the public schools and provide the System with proof of the Social Security award.

(Continued on Next Page)

HEALTH INSURANCE BENEFIT

If you have at least 10 years of creditable service and retire or terminate your employment, you may elect to continue coverage in the insurance program your employer provides to active employees.

If you are not enrolled in the state plan, coverage is subject to the provisions of the school plan in which you are enrolled.

Dependent and dental coverage is available if you are enrolled in the State and Employees Group Insurance Division (EGID).

Once you begin receiving monthly retirement checks, Oklahoma Teachers Retirement System will pay for the first $100 to $105 of monthly premiums for you, but not for your dependents. The actual amount paid by the System is determined by your total service and average salary at retirement.

If you have fewer than 10 years of employment, you have certain rights under federal law to continue health insurance coverage after your employment ends. You should request information about continued coverage from your school's payroll office or the Employees Group Insurance Division before termination.

SURVIVOR BENEFITS

Your designated beneficiary or estate is entitled to survivor benefits if you are a member of the System when you die.

If you are an active in-service member when you die, your beneficiary(ies) will receive an $18,000 death benefit, plus the contributions in your account and interest on those contributions. "Active in-service" is defined in the Oklahoma Teachers Retirement System rules, but generally means a member currently employed by an Oklahoma public education institution. When you die, if you are an active in-service member with 10 or more years of service, have reached age 55 or met the Rule of 80 or Rule of 90 and you have one designated primary beneficiary, he or she may choose a monthly benefit instead of the lump-sum payment.

If you are an inactive member when you die, your beneficiaries will receive the amount of the contributions in your account, plus interest on those contributions, but will not qualify for the $18,000 death benefit or the monthly retirement benefit payment payable to the surviving beneficiary of active in-service members.

If you die after you retire, your beneficiary or estate will receive a $5,000 death benefit, plus the survivor benefits provided by your chosen retirement plan. Certain retirement plan options provide your surviving beneficiary with a continuing monthly retirement benefit.

WITHDRAWING YOUR CONTRIBUTIONS

If you leave the job that qualified you for membership, you may request a refund of your contributions any time after your last day on that job. You will be eligible to receive the refund four months after you leave your job. The refund includes all contributions made by you or on your behalf by your employer, plus any applicable portion of interest earnings. When you accept a refund, you forfeit all service credit.

If you return to qualifying employment, you may redeposit your withdrawn account after you contribute to the System for 12 months.

Redepositing your withdrawn contributions reinstates your initial membership date. If you do not redeposit your withdrawn contributions, your official membership date will be the date you rejoined the System.

If you decide to redeposit, you must redeposit the entire amount you withdrew and pay 10% simple interest on that amount for each year your account was withdrawn. You may pay this amount in one lump sum or through installment payments for up to 60 months.

Only an optional member (support personnel) can terminate membership in the System without terminating employment. If you are an optional member and withdraw your account without leaving your job, the IRS requires that pre-tax contributions remain on deposit and cannot be refunded until you leave your job.

If you continue working for your employer after terminating your membership, you can rejoin the System only under special provisions of an Internal Revenue Service private letter ruling requiring a period of non-membership and loss of the right to redeposit withdrawn service or purchase prior service credits. In this case, you would become a new member as of the date you rejoin.

You also may leave your contributions in your account. If you are vested (have at least five years of Oklahoma service), your account will continue earning interest until you withdraw it or begin drawing your retirement benefit. If you are not vested, your account will continue earning interest for five years, unless you withdraw it before then.

THE 403(b) TAX SHELTERED ANNUITY PLAN

The System sponsors a tax sheltered annuity program qualified under § 403(b) of the Internal Revenue Code. You may deposit funds into this plan if your local Board of Education or other governing board adopts a resolution making the plan available to its employees.

The tax sheltered annuity program has been managed internally since its inception in 1964. In July 2009, the Board of Trustees hired ING Life Insurance and Annuity Company to be the service provider for the 403(b) Plan.

Under the new plan, participants may access their accounts 24 hours a day by calling a toll-free number or via the Internet. Customer service representatives are available each weekday from 7:00 am to 8:00 pm. The investments are flexible and diversified and there are fifteen options to choose from.

The most exciting feature of the new plan is the comprehensive educational strategy developed by ING. A dedicated representative from ING will be available to meet with you at least annually to discuss your retirement goals and needs.

RIGHTS AND RESPONSIBILITIES

Oklahoma Teachers Retirement System publications provide answers to general questions. You are responsible for resolving any questions about your retirement account. You are entitled to counseling from the staff concerning any questions you have about your retirement account. The System will not be held accountable for information that is contrary to statutes or administrative rules, regardless of who provides that information.

For details of how statutes and administrative rules may affect your retirement account, contact

OKLAHOMA TEACHERS RETIREMENT SYSTEM
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Phone Numbers
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This Plan Summary provides general information summarizing the basic benefits available to members of the System. If conflict arises between information contained in this summary and state statutes or official Oklahoma Teachers Retirement System rules, the law and/or rule takes precedence.

Revised 01/2012

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oklahoma Teachers Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2012

Jeffrey R. Emer

Executive Director/CEO

Financial Section

Independent Auditors' Report

Board of Trustees
Teachers' Retirement System of Oklahoma
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying statement of plan net position of the Teachers' Retirement System of Oklahoma (the System), a part of the financial reporting entity of the state of Oklahoma, as of June 30, 2013, and the related statement of changes in plan net position for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Teachers' Retirement System of Oklahoma as of June 30, 2013, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note M, the System's actuary has determined that the System's unfunded actuarial accrued liability is approximately $8,112,000,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes. Under the present funding schedule, the UAAL will be fully amortized in 17 years.

Report on Summarized Comparative Information

We have previously audited the System's fiscal year 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in pages 47 through 50 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2013, on our consideration of the System's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 8, 2013

Teachers' Retirement System of Oklahoma

Management's Discussion and Analysis

Management is pleased to present this discussion and analysis of the financial activities of the Oklahoma Teachers Retirement System ("OTRS" or the "System") for the years ended June 30, 2013 and 2012. The System is responsible for administering retirement benefits for a 401(a) defined benefit plan for all educational employees of the state of Oklahoma as well as a voluntary defined contribution plan, 403(b). The System was established on July 1, 1943, for the purpose of providing these retirement benefits and other specific benefits for qualified persons employed by public educational institutions. The main purpose of the System is to provide a primary source of lifetime retirement benefits relative to years of service at the time of retirement. It is the objective of the System to provide these benefits in a prudent, responsible, and cost-effective manner. Plan net assets are used to pay current and future benefits to retired clients.

This discussion and analysis is intended to serve as an introduction to the System's basic financial statements. OTRS's basic financial statements are comprised of three components: 1) *statement of plan net position*, 2) *statement of changes in plan net position,* and 3) *notes to the financial statements*. This report also contains *required supplementary information* in addition to the basic financial statements themselves.

The *statement of plan net position* presents information on all of the System's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as *net position held in trust for pension benefits and* a*nnuity benefits of electing members.* Over time, increases or decreases in plan net position may serve as a useful indicator of whether the financial position of the System is improving or deteriorating. Information relating to the System's ability to meet the cost of future benefit payments is not shown on the *statement of plan net position* but is located in both the *notes to the financial statements* and the *required supplementary information.*

The *statement of changes in plan net position* presents information showing how the System's net position changed during the most recent fiscal year. Changes in net position are recognized using the accrual basis of accounting, in which expenses are recorded when the liability is incurred, and revenues are recorded in the accounting period in which they are earned and become measurable.

The *notes to the financial statements* are critical to the reader's understanding of the financial status of the System. These notes include a description of the System, details on the cash and investments of the System, as well as contribution and benefit information.

The *required supplementary information* presents a Schedule of Funding Progress that provides historical trend information about the actuarially determined funded status of the System. The Schedule of Employers' Contributions provides historical trend information about the annual required contributions ("ARC") of the System and the contributions made to the System in relation to the ARC. Other supplementary information includes the Schedule of Administrative Expenses, the Schedule of Investment Expenses, and the Schedule of Professionals/Consultants Fees. These schedules provide additional analysis of the information provided in the financial statements.

CONDENSED FINANCIAL INFORMATION

Plan net position as of June 30:

ASSETS	2013	2012	2013 % Change
Cash	$ 14,903,504	$ 24,936,734	-40.2%
Receivables	286,998,149	276,870,038	3.7%
Long and short-term investments, at fair value	12,133,453,542	10,414,998,956	16.5%
Capital assets, net	2,180,235	1,543,239	41.3%
TOTAL INVESTMENTS AND OTHER ASSETS	12,437,535,430	10,718,348,967	16.0%
Securities lending institutional daily assets fund	2,363,777,689	1,764,088,842	34.0%
TOTAL ASSETS	14,801,313,119	12,482,437,809	18.6%
LIABILITIES			
Investment settlements and other liabilities	397,929,117	313,564,107	26.9%
Payable under securities lending agreement	2,363,777,689	1,764,088,842	34.0%
TOTAL LIABILITIES	2,761,706,806	2,077,652,949	32.9%
NET POSITION			
Net position held in trust for pension benefits	$ 12,039,606,313	$ 10,404,784,860	15.7%

Changes in plan net position for the year ended June 30:

ADDITIONS:	2013	2012	2013 % Change
Member contributions	$ 290,044,395	$ 291,385,506	-0.5%
Employer contributions	373,789,020	376,635,234	-0.8%
Matching contributions	26,995,423	23,188,952	16.4%
Dedicated tax revenue	300,509,886	281,806,711	6.6%
Member tax shelter contributions	2,910,706	3,448,031	-15.6%
Net investment income gain (loss)	1,783,073,902	134,376,020	1226.9%
Security lending net income	9,531,387	9,279,228	2.7%
TOTAL ADDITIONS	2,786,854,719	1,120,119,682	148.8%
DEDUCTIONS:			
Benefit payments	1,095,144,055	1,036,132,586	5.7%
Refund of member contributions and tax sheltered annuity	52,732,344	54,737,731	-3.7%
Administrative expenses	4,156,867	4,273,189	-2.7%
TOTAL DEDUCTIONS	1,152,033,266	1,095,143,506	5.2%
NET INCREASE	1,634,821,453	24,976,176	6445.5%
NET POSITION, BEGINNING OF YEAR	10,404,784,860	10,379,808,684	0.2%
NET POSITION, END OF YEAR	$ 12,039,606,313	$ 10,404,784,860	15.7%

FINANCIAL HIGHLIGHTS AND ANALYSIS

The increase in net position primarily is due to investment gains as a result of significant market improvement in fiscal year 2013. The total investment returns for fiscal year 2013 were positive 17.8%. Domestic and international equity, which compose 60.3% of the investment portfolio asset allocation, had the greatest increases at 25.5%.

	2013	2012	2009	2004
Plan net position	12,039,606,313	10,404,784,860	7,452,192,711	6,951,777,868
Yearly % change	15.7%	0.2%	-16.7%	18.6%

As a result of the market decline in 2009, the total investment return for the five year period of 7.7% is below the actuarial assumed rate of investment return. The 2009 loss was due to weaknesses in the United States and global markets. The assumed actuarial rate of return is currently 8.0%.

Total Returns	1 year	3 year	5 year	10 year
2013	17.8%	14.0%	7.7%	8.8%
2012	1.8%	13.6%	2.7%	7.6%
2011	23.5%	6.5%	5.9%	6.9%
2010	16.6%	-3.1%	3.4%	4.4%
2009	6.0%	-2.6%	2.3%	3.9%
2004	20.6%	6.4%	5.5%	(1)

(1) Historical returns were not available for this time period.

Benefit payments increased 5.7% in 2013 compared to 2012. The increase is a result of a 3.5% increase in the number of benefit recipients and a 1.6% increase in the average monthly benefit. Benefit payments in 2013 to retired members exceed contributions from contributing members and employers by $133 million, or a ratio of 1.13 to 1. A ratio of less than one is desirable because it signifies that the System is receiving more contributions than it pays out in benefits. The table on the following page reflects the ongoing employer and member contributions.

FINANCIAL HIGHLIGHTS AND ANALYSIS (Continued)

	2013	2012	2009	2004
Member contributions	$ 290,044,395	$ 291,385,506	$ 288,238,426	$ 233,121,332
Employer contributions	373,789,020	376,635,234	338,974,512	219,126,867
Matching contributions	26,995,423	23,188,952	22,652,221	13,042,355
Dedicated tax revenue	300,509,886	281,806,711	257,019,830	143,100,533
Total contributions	991,338,724	973,016,403	906,884,989	608,391,087
Benefit payments	1,095,144,055	1,036,132,586	876,273,193	647,277,986
Refund of contributions	28,894,193	32,076,398	32,130,596	33,663,295
Total payments	$ 1,124,038,248	$ 1,068,208,984	$ 908,403,789	$ 680,941,281
Ratio benefit payments/ contributions	1.13	1.10	1.00	1.12

The number of benefit recipients increased 3.5% over the past year from 52,716 to 54,581. Since 2004, the number of benefit recipients increased by 14,988, or 37.9%. The number of members retiring has remained relatively stable for the last five years.

	2013	2012	2009	2004
Benefit recipients	54,581	52,716	46,745	39,593
Yearly % change	3.5%	3.7%	3.3%	4.0%
Net increase	1,865	1,887	1,507	1,534

The following table reflects the average monthly benefit for service retirements. Over the ten year period from 2004, the average benefit increased by $287, or 22.0%. Retirement benefit payments increased 69.2%, or $447.9 million, over this ten year period. The increase in the average monthly benefits in FY 2009 are due to cost-of-living adjustments ("COLAs") being granted by the state legislature to retirees. In FY 2013 and 2012, a COLA was not granted; however, the average benefit increases are due to an increase in the average benefit received by the newer retirees.

	2013	2012	2009	2004
Average benefit	$ 1,591	$ 1,555	$ 1,483	$ 1,304
Yearly % change	2.3%	1.1%	1.9%	0.0%

FINANCIAL HIGHLIGHTS AND ANALYSIS (Continued)

The ratio of active members to retired members of the System is 1.64 to 1 in 2013, compared to 2.06 to 1 in 2004. Over the past ten years, the number of members contributing into the System increased 9.4%. During the same period, the number of retired members increased by 37.9%.

	2013	2012	2009	2004
Members contributing	89,333	87,778	89,388	81,683
Yearly % change	1.8%	-0.3%	0.8%	-1.7%
Benefit recipients	54,581	52,716	46,745	39,593
Yearly % change	3.5%	3.7%	3.3%	4.0%
Ratio contributing/retired	1.64	1.67	1.91	2.06

The measure of the progress in accumulating sufficient assets to meet the long-term benefit obligations is the funded status or the funded ratio of the System. The funded ratio is the actuarial value of assets expressed as a percentage of the actuarial accrued liability. The funding policy is the method to provide benefits, specified in the System, through the amounts and timing of contributions from the employers and the contributing clients. The excess of the actuarial accrued liability over the actuarial value of assets is the unfunded actuarial accrued liability ("UAAL"). The actuarial value of assets differs from the year-end fair value of the System's plan net assets by smoothing the effects of market fluctuations. In the calculation of the actuarial value of assets, 20% of the difference between the actual and assumed investment returns is included in the actuarial value of assets. During extended periods of market declines, the market value of the System's plan net assets usually will be less than the actuarial value of assets.

The UAAL as of June 30, 2012 was $8.398 billion, and decreased to $8.112 billion in 2013. As a result, the System's funded ratio - actuarial value of assets divided by the actuarial accrued liability - increased from 54.8% as of June 30, 2012 to 57.2% as of June 30, 2013. The increase in funded position is primarily due to a liability gain resulting from member payroll increasing less than expected and continued positive investment returns. Based on the current contribution and benefit provisions, assuming no actuarial gains or losses in the future, and assuming that market value asset returns are 8%, the UAAL is expected to trend steadily down to zero over the next 17 years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the System's finances for all those with an interest in the System. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director of the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152 or (405) 521-2387.

STATEMENTS OF PLAN NET POSITION

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

As of June 30, 2013 (with Comparative Totals as of June 30, 2012)

			Totals June 30	
	401(a) Plan	403(b) Plan	2013	2012
ASSETS				
Cash	$ 14,903,504	$ -	$ 14,903,504	$ 24,936,734
Short-term investments	796,745,800	-	796,745,800	275,456,138
Accrued interest and dividends receivable	39,448,046	-	39,448,046	43,659,356
Member contributions receivable	17,143,101	-	17,143,101	23,754,560
Employer contributions receivable	26,082,418	-	26,082,418	33,991,038
Receivable from the State of Oklahoma	28,855,587	-	28,855,587	29,333,333
Due from brokers for securities sold	175,468,997	-	175,468,997	146,131,751
Security lending institutional daily assets fund	2,363,777,689	-	2,363,777,689	1,764,088,842
Long-term investments:				
Mutual funds	-	204,133,915	204,133,915	210,049,295
U.S. government securities	1,056,986,977	-	1,056,986,977	1,086,437,639
U.S. corporate bonds	1,657,819,302	-	1,657,819,302	1,714,515,243
International corporate bonds and government securities	117,154,794	-	117,154,794	76,226,837
Equity securities	7,357,893,901	-	7,357,893,901	6,296,233,773
Alternative investments	412,641,707	-	412,641,707	283,762,403
Real estate	530,077,146	-	530,077,146	472,317,628
Total long-term investments	11,132,573,827	204,133,915	11,336,707,742	10,139,542,818
Capital assets, net	2,180,235	-	2,180,235	1,543,239
TOTAL ASSETS	$ 14,597,179,204	$ 204,133,915	$ 14,801,313,119	$ 12,482,437,809
LIABILITIES				
Benefits in process of payment	$ 71,624,164	$ -	$ 71,624,164	$ 3,906,006
Due to brokers for securities purchased	317,047,427	-	317,047,427	300,652,220
Payable under security lending agreement	2,363,777,689	-	2,363,777,689	1,764,088,842
Other liabilities	9,257,526	-	9,257,526	9,005,881
TOTAL LIABILITIES	$ 2,761,706,806	$ -	$ 2,761,706,806	$ 2,077,652,949
NET POSITION				
Net position held in trust for pension benefits and annuity benefits of electing members	$ 11,835,472,398	$ 204,133,915	$ 12,039,606,313	$ 10,404,784,860

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN PLAN NET POSITION

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

For the Year Ended June 30, 2013 (with Comparative Totals for the Year Ended June 30, 2012)

			Totals Year Ended June 30	
	401(a) Plan	403(b) Plan	2013	2012
Additions:				
Members	$ 290,044,395	$ -	$ 290,044,395	$ 291,385,506
Members tax shelter	-	2,910,706	2,910,706	3,448,031
Employer statutory requirement from local school districts	373,789,020	-	373,789,020	376,635,234
Matching funds	26,995,423	-	26,995,423	23,188,952
Dedicated tax	300,509,886	-	300,509,886	281,806,711
Total contributions	991,338,724	2,910,706	994,249,430	976,464,434
Investment income:				
Interest & dividends	320,417,159	10,913,177	331,330,336	319,565,705
Net appreciation in fair value of investments	1,483,934,082	4,098,888	1,488,032,970	(150,407,697)
Investment expenses	(36,289,404)	-	(36,289,404)	(34,781,988)
Gain from investing activities	1,768,061,837	15,012,065	1,783,073,902	134,376,020
Income from securities lending activities:				
Securities lending income	11,213,396	-	11,213,396	10,916,738
Securities lending expenses:				
Management fees:	(1,682,009)	-	(1,682,009)	(1,637,510)
Net income from securities lending activities	9,531,387	-	9,531,387	9,279,228
Net investment gain	1,777,593,224	15,012,065	1,792,605,289	143,655,248
Total additions	2,768,931,948	17,922,771	2,786,854,719	1,120,119,682
Deductions:				
Retirement, death, survivor, and health benefits	1,095,144,055	-	1,095,144,055	1,036,132,586
Refund of member contributions and annuity payments	28,894,193	23,838,151	52,732,344	54,737,731
Administrative expenses	4,156,867	-	4,156,867	4,273,189
Total deductions	1,128,195,115	23,838,151	1,152,033,266	1,095,143,506
NET INCREASE (DECREASE)	1,640,736,833	(5,915,380)	1,634,821,453	24,976,176
NET POSITION, BEGINNING OF YEAR	10,194,735,565	210,049,295	10,404,784,860	10,379,808,684
NET POSITION, END OF YEAR	$ 11,835,472,398	$ 204,133,915	$ 12,039,606,313	$ 10,404,784,860

See accompanying notes to financial statements.

NOTE A--DESCRIPTION OF THE SYSTEM

The following brief description of the Teachers' Retirement System of Oklahoma (the "System") is provided for general information purposes only. Participants should refer to Title 70 of the Oklahoma Statutes, 1991, Sections 17-101 through 121, as amended.

The System was established as of July 1, 1943, for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by state-supported educational institutions. The System is a part of the state of Oklahoma financial reporting entity, which is combined with other similar funds to comprise the fiduciary-pension trust funds of the state of Oklahoma (the "State"). The supervisory authority for the management and operation of the System is a 13-member board of trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System administers a cost-sharing multiple-employer pension plan which is a defined benefit pension plan ("DB Plan"), as well as a tax-deferred defined contribution plan ("DC Plan").

DB Plan: Oklahoma teachers and other certified employees of common schools, faculty and administrators in public colleges and universities, and administrative personnel of state educational boards and agencies who are employed at least half-time, must join the System's DB Plan. Membership is optional for all other regular employees of public educational institutions who work at least 20 hours per week. The DB Plan's membership consisted of the following as of June 30:

	2013
Retirees and beneficiaries currently receiving benefits	54,581
Inactive vested clients	9,120
Active clients	89,333
	153,034

There are 609 contributing employers in the System. There were 8,926 non-vested inactive members at June 30, 2013 who are entitled to a refund of their accumulated contributions.

DC Plan: Members are also offered a tax-deferred defined contribution plan qualified under the Internal Revenue Code ("IRC") Section 403(b). The DC Plan is also referred to by the System as the Tax-Sheltered Annuity Plan. Membership in the DC Plan is voluntary and investments primarily consist of mutual funds and are participant directed. ING is responsible for administrative services, including custody and record keeping services.

NOTE A--DESCRIPTION OF THE SYSTEM--Continued

DC Plan--Continued: The DC Plan had approximately 3,986 participants as of June 30, 2013. Contributions are voluntary and require a minimum of $200 per year. The maximum deferral amount is the lesser of 100% of the participant's compensation or the maximum amount allowed by the IRC, currently $17,500.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The System has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America and using the economic resources measurement focus. The financial statements are prepared using the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are established by Oklahoma Statutes as a percentage of salaries and are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Oklahoma Statutes. Administrative expenses are funded through investment earnings.

Budgetary Control: The System prepares and submits an annual budget of operating expenses on the cash basis for monitoring and reporting to the Office of Management and Enterprise Services. The System's budget process follows the budget cycle for State operations as outlined by the Office of Management and Enterprise Services.

The Executive Director may approve changes within the budget, but a change to the total budget must be handled according to the provision of Title 62 O.S. Sec. 41.12 of the Oklahoma Statutes.

Investments: The System is authorized to invest in eligible investments as approved by the board of trustees as set forth in the System's investment policy.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Investments--Continued: System investments are reported at fair value. The short-term investment fund is comprised of an investment in units of commingled trust funds of the System's custodial agent, which is reported at cost, which approximates fair value. Debt and equity securities are reported at fair value, as determined by the System's custodial agent, using pricing services or prices quoted by independent brokers based on the latest reported sales prices at current exchange rates for securities traded on national or international exchanges. The Security Lending Institutional Daily Assets Fund represents investment in JP Morgan's Institutional Daily Assets Fund and is carried at amortized cost, which approximates fair value.

The System also invests as a limited partner in alternative investments. These investments employ specific strategies such as leverage buyouts, venture capital, growth capital, distressed investments, and mezzanine capital. The strategies of all such funds are long term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. Alternative investment partnerships are valued using their respective net asset value (NAV), and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued by the general partners on a quarterly or semi-annual basis, in conjunction with management and investment advisors and consultation with valuation specialists. The management assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type and involve a certain degree of expert judgment.

The System's real estate investments are primarily through limited partnerships. Properties owned by the partnership are subject to independent third-party appraisals performed in accordance with the Uniform Standards of Professional Appraisal Practice once every year. The System's real estate investments are long term and illiquid in nature. As a result, investors are subject to redemption restrictions which generally limit distributions and restrict the ability of limited partners to exit a partnership investment prior to its dissolution. Limited partner interests are valued by the System using the NAV of the partnership. The most significant input into the NAV of such an entity is the value of its investment holdings. These holdings are valued by the general partners on a continuous basis, audited annually and may be periodically appraised by an independent third party. The valuation assumptions are based upon both market and property specific inputs which are not observable and involve a certain degree of expert judgment.

Net investment income includes net appreciation (depreciation) in the fair value of investments, interest income, dividend income, investment income from foreign currency translation gains and losses, securities lending income and expenses, and investment expenses, which includes investment management and custodial fees and all other significant investment related costs.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Investments--Continued: International investment managers use forward foreign exchange contracts to enhance returns or to control volatility. Currency risks arise due to foreign exchange rate fluctuations. Forward foreign exchange contracts are negotiated between two counter-parties. The System could incur a loss if its counter-parties failed to perform pursuant to the terms of their contractual obligations. The gains and losses on these contracts are included in the income in the period in which the exchange rates change. See Note C for additional information regarding investment derivatives as of June 30, 2013.

The System's investment policy provides for investment diversification of stocks, bonds, fixed income securities, real estate, alternative investments, and other investment securities along with investment in commingled or mutual funds. Investment securities and investment securities underlying commingled or mutual fund investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the risks associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities may occur in the near term and those changes could materially affect the amounts reported in the statements of plan net position.

Capital Assets: Capital assets are stated at cost when acquired, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from five to ten years.

Risks and Uncertainties: Contributions to the System and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates, employee compensation, and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Income Taxes: The System is exempt from federal and state income taxes and has received a favorable determination from the Internal Revenue Service (the "IRS") under Internal Revenue Code (the "IRC") Section 401(a). The System's 403(b) Plan is also tax exempt and has received a private letter ruling from the IRS.

Compensated Absences: It is the State's policy to permit employees to accumulate earned but unused vacation and sick leave. Employees earn annual vacation leave based upon their start date and years of service. All accrued vacation leave is payable upon termination, resignation, retirement, or death. Sick leave does not vest to the employee and therefore is not recorded as a liability. Amounts due to the employees for compensated absences were approximately $272,000 at June 30, 2013.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Plan Termination: In the event the System terminates, the board of trustees will distribute the net assets of the System to provide the following benefits in the order indicated:

Accumulated contributions will be allocated to each respective member, former member, retired member, joint annuitant, or beneficiary then receiving payments.

The balance of such assets, if any, will be allocated to each member then having an interest in the System based upon the excess of their retirement income under the System less the retirement income, which is equal to the actuarial equivalent of the amount allocated to them in accordance with the preceding paragraph in the following order:

- Those retired members, joint annuitants, or beneficiaries receiving payments,
- Those members eligible to retire,
- Those members eligible for early retirement,
- Former members electing to receive a vested benefit, and
- All other members.

Use of Estimates: The preparation of the System's financial statements in conformity with accounting principles generally accepted in the United States of America requires the System's management to make significant estimates and assumptions that affect the reported amounts of net position held in trust for pension benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in System net position during the reporting period, and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Comparative Totals: The financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOTE C--CASH AND INVESTMENTS

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of a counterparty, the System will not be able to recover the value of its bank deposits or investments. Bank deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. In relation to its bank deposits, the System is not considered to be exposed to custodial credit risk. Although the System does not have a formal bank deposit policy for custodial credit risk, the State Treasurer holds all of the System's bank deposits. As required by Oklahoma Statutes, all bank deposits held by the State Treasurer are insured by Federal Deposit Insurance Corporation, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations.

At June 30, 2013, the carrying amount of the System's bank deposits was approximately \$14,903,000. The bank balance of the System's bank deposits at June 30, 2013 was approximately \$20,241,000.

Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the System, and are held by a counterparty or the counterparty's trust department but not in the name of the System. While the System's investment policy does not specifically address custodial credit risk it does limit the amount of cash equivalents and short-term investments to no more than 5% of each manager's portfolio. At June 30, 2013, the System had uninsured and uncollateralized cash and cash equivalents of approximately \$796,746,000 and respectively, with its custodial agent. The System's custodial agent for the years ended June 30, 2013 was JP Morgan.

Credit Risk: Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the ability of the issuer to meet its obligation. The System's investment policy requires that at the time of purchase all corporate bonds or debentures be at the highest rating of the four rating services recognized by the Comptroller of the Currency of the United States of America.

NOTE C--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

Investment Type	S&P Ratings (Unless Noted)	Fair Value *(Amounts in Thousands)*	Fair Value as a Percent of Total Fixed Income Fair Value
U.S. corporate bonds	AAA	$ 84,314	3.0%
	AA+	18,815	0.7%
	AA	15,878	0.6%
	AA-	10,345	0.4%
	A+	24,684	0.9%
	A	57,228	2.0%
	A-	111,594	3.9%
	BBB+	73,482	2.6%
	BBB	188,480	6.7%
	BBB-	237,603	8.4%
	BB+	139,286	4.9%
	BB	116,021	4.1%
	BB-	109,372	3.9%
	B+	94,828	3.3%
	B	105,482	3.7%
	B-	97,182	3.4%
	CCC+	46,160	1.6%
	CCC	18,206	0.6%
	CCC-	6,107	0.2%
	CC	1,555	0.1%
	D	4,198	0.1%
	NR	96,999	3.4%
Total U.S. corporate bonds		$ 1,657,819	58.5%
International corporate bonds	AA-	$ 2,938	0.1%
	A-	1,759	0.1%
	BBB+	1,568	0.1%
	BBB	1,905	0.1%
	BBB-	1,629	0.1%
	BB	1,312	0.0%
	B+	2,560	0.1%
	B	1,719	0.1%
	B-	803	0.0%
	CCC+	2,425	0.1%
Total international corporate bonds		$ 18,618	0.8%

NOTE C--CASH AND INVESTMENTS--Continued

Credit Risk--Continued:

Investment Type	S&P Ratings (Unless Noted)	Fair Value	Fair Value as a Percent of Total Fixed Income Fair Value
		(Amounts in Thousands)	
International government securities	AAA	$ 3,498	0.1%
	AA	2,496	0.1%
	AA-	1,264	0.0%
	A-	25,740	0.9%
	BBB+	2,837	0.1%
	BBB	4,939	0.2%
	BBB-	29,159	1.0%
	BB+	3,875	0.1%
	BB	2,582	0.1%
	BB-	396	0.0%
	B+	433	0.0%
	B	816	0.0%
	B-	780	0.0%
	NR	19,721	0.7%
Total international government securities		$ 98,536	3.3%
Municipal bonds			
	AAA	$ 750	0.0%
	AA+	584	0.0%
	AA	832	0.0%
	AA-	1,934	0.1%
	A	2,143	0.1%
	A-	1,297	0.1%
	BBB+	1,043	0.1%
Total municipal bonds		$ 8,583	0.4%
U.S. government securities	AA+	$ 1,046,043	36.9%
	A+	2,362	0.1%
Total U.S. government securities		$ 1,048,405	37.0%
		$ 2,831,961	100.0%

NOTE C--CASH AND INVESTMENTS--Continued

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While all investments are subject to market changes, securities invested in index funds are more sensitive to market risk. Although the System's investment policy does not specifically address the duration of fixed-income securities, the System's management does monitor interest rate risk by monitoring the performance of each investment manager. As of June 30, 2013, the System had the following investments with maturities:

	Investment Maturities at Fair Value (in Years) (Amounts in Thousands)				
Investment Type	Less than One	One to Five	Five to Ten	More than Ten	Total Fair Value
U.S. corporate securities					
Asset-backed securities	$ 33,732	$ 44,736	$ 16,076	$ 5,780	$ 100,324
CMO/REMIC/CMBS	68,230	-	1,007	46,254	115,491
Corporate bonds	43,783	397,942	780,248	220,031	1,442,004
	145,745	442,678	797,331	272,065	1,657,819
International corporate bonds	3,716	5,566	5,999	3,337	18,618
International government securities	28,411	11,618	24,540	33,967	98,536
Municipal bonds	-	-	-	8,583	8,583
U.S. government securities	82,736	284,588	120,001	561,080	1,048,405
	$ 260,608	$ 744,450	$ 947,871	$ 879,032	$ 2,831,961

NOTE C--CASH AND INVESTMENTS--Continued

Foreign Currency Risk: Foreign currency risk is the potential risk for loss due to changes in exchange rates. The System's investment policy provides that international investment managers invest no more than 30% of their portfolio's total assets in one or more issuers in a single country, provided that in the U.K. such limit shall be 35%. Investment in cash and cash equivalents, foreign equities, and fixed-income securities as of June 30, 2013 is shown in the following table by monetary unit to indicate possible foreign currency risk.

(Amounts in Thousands)

Currency	Equities	Corporate Bonds	Government Bonds	Foreign Exchange Contracts	Cash and Cash Equivalents	Grand Total
Australian Dollar	$ 13,640	$ 1,759	$ -	$ (1,727)	$ 1,346	$ 15,018
Brazilian Real	11,474	1,129	-	(941)	-	11,662
Canadian Dollar	25,987	1,114	-	(831)	1,838	28,108
Chilean Peso	484	-	-	-	-	484
Colombia Peso	1,436	-	-	-	-	1,436
Danish Krone	16,436	-	-	-	-	16,436
Euro	308,746	10,453	36,225	904	7,422	363,750
Hong Kong Dollar	84,235	-	-	13	2,524	86,772
Indonesian Rupiah	2,696	-	-	-	-	2,696
India Rupee	-	-	-	(471)	-	(471)
Japanese Yen	236,100	-	-	3,893	3,224	243,217
Malaysian Ringgit	3,193	-	-	-	434	3,627
Mexican Peso	8,675	2,932	29,238	(258)	-	40,587
New Taiwan Dollar	10,059	-	-	(32)	-	10,027
New Turkish Lira	5,723	-	-	-	-	5,723
New Zealand Dollar	2,138	-	-	-		2,138
Norwegian Krone	6,838	-	-	4	-	6,842
Phillipine Peso	4,602	-	700	-	-	5,302
Polish Zloty	1,580	-	-	-	-	1,580
Pound Sterling	241,179	567	-	(294)	3,838	245,290
Russian Ruble	-	-	-	(233)	-	(233)
Singapore Dollar	15,836	-	-	(195)	384	16,025
South African Rand	11,068	-	-	(246)	539	11,361
South Korean Won	23,361	-	-	(276)	1,591	24,676
Swedish Krona	15,462	-	-	(147)	1,174	16,489
Swiss Franc	97,550	667	-	704	-	98,921
Thai Baht	4,521	-	-	-	-	4,521
	1,153,019	18,621	66,163	(133)	24,314	1,261,984
Not subject to foreign currency risk	6,204,876	-	32,372	-	758,358	6,995,606
Total	$ 7,357,895	$ 18,621	$ 98,535	$ (133)	$ 782,672	$ 8,257,590

NOTE C--CASH AND INVESTMENTS--Continued

Derivative Instruments: The System's investment derivatives include forward currency contracts. These investments are not speculative in nature and do not increase investment risk beyond allowable limits specified in the System's investment policy. The changes in fair values of the System's investment derivatives are included in net appreciation in fair value of investments in the accompanying statement of plan net position. The fair values of the System's investment derivatives are included in due from brokers for securities sold and due to brokers for securities purchased in the accompanying statement of plan net position. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2013, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2013 financial statements are as follows:

Investment Derivatives	Change in Fair Value	Fair Value	Notional
Forward - foreign currency purchases	$ (2,373)	$ (2,329)	$ 522,948
Forward - foreign currency sales	907	2,196	167,726

A foreign currency forward contract is an agreement that obligates the parties to exchange given quantities of currencies at a pre-specified exchange rate on a certain future date. The fair values of the forward contracts are estimated based on the present value of their estimated future cash flows.

The foreign currency forward contracts subject the System to foreign currency risk because the investments are denominated in international currencies. The risks are described in foreign currency risk schedule where the fair value of the foreign currency contracts in U.S. dollars is presented.

NOTE D--COMMITMENTS

Commitments: At June 30, 2013, the System has total capital commitments related to alternative investments of $1,172,500,000. Of this amount, $743,067,126 remained unfunded.

NOTE E--SECURITIES LENDING ACTIVITY

The System's investment policy and State statutes provide for its participation in a securities lending program. The program is administered by the System's master custodian and there are no restrictions on the amount of loans that can be made. Certain securities of the System are loaned to participating brokers, who must provide collateral in the form of cash, U. S. Treasury or government agency securities, or letters of credit issued by approved banks. Under the terms of the agreement, collateralization of the fair value of the loaned securities must be provided in the amount of 102% when the security to be loaned and the collateral are in the same currency and 105% when the loan and collateral currencies are dissimilar.

The fair value of securities on loan at June 30, 2013 was approximately $2,436,423,000. The underlying collateral for these securities had a fair value of approximately $2,497,087,000 at June 30, 2013. Collateral of securities and letters of credit represented approximately $133,309,000 of total collateral at June 30, 2013. Because the System cannot pledge or sell collateral securities and letters of credit received unless the borrower defaults, the collateral and related liability are not presented in the accompanying statements of plan net position. The following table describes the types of securities lent and collateral as of June 30, 2013.

	(Amounts in Thousands)	
Type of securities on loan	Market Value of Securities on Loan	Collateral Value
Government loans compared to non-cash collateral	$ 129,886	$ 131,885
Equity loans compared to cash collateral	2,305,135	2,363,778
Corporate loans compared to non-cash collateral	1,404	1,424
	$ 2,436,425	$ 2,497,087

At June 30, 2013, the System had no credit risk exposure since the amounts the System owed to borrowers exceeded the amounts borrowers owed the System. The contract with the System's lending agent requires it to indemnify the System if the borrowers fail to return the lent securities. In the event of a collateral shortfall due to a loss in value of investments made with cash collateral, such loss would be the responsibility of the System.

All securities loans can be terminated on demand by either the System or the borrower. Cash collateral is invested in a separate account for the System in accordance with investment guidelines approved by the System. At June 30, 2013, the weighted average maturity of the cash collateral investments was 73 days. The cash collateral investments are structured and maintained by the lending agent's investment desk utilizing an asset and liability methodology designed to manage to an appropriate extent any mismatch between the investment maturities and the System's loans.

NOTE F--CAPITAL ASSETS

Capital assets consist of the following at June 30, 2013:

	(Amounts in Thousands)
Furniture and fixtures	$ 3,286
Accumulated depreciation	(1,106)
Capital assets, net	$ 2,180

The System has commitments to lease building space as well as leases on certain equipment. The future minimum commitment for operating leases as of June 30, 2013 was approximately $221,000. The System's leases are one-year renewable contracts. Rental expense for all operating leases amounted to approximately $213,000 for the year ended June 30, 2013.

NOTE G--RESERVE AND DESIGNATED FUNDS

The amount included in the Teachers' Deposit Fund, the Expense Fund, and the Capital Assets Fund is not available to pay regular retirement benefits. A brief description of the major funds is as follows:

- The Teachers' Deposit Fund represents funds in the DC Plan. During FY 2010, the System hired ING as the service provider for the DC Plan. This process was undertaken to steadfastly provide a supplemental retirement program that will enhance the System's clients' retirement future. ING provides a comprehensive educational strategy and an array of investment options, clients have 24 hours a day access to their accounts on line, and dedicated customer service representatives are available each weekday from 7:00 A.M. to 7:00 P.M.
- The Expense Fund represents funds accumulated to pay for the expense of administering and maintaining the System budgeted for the next fiscal year plus any accrued administrative costs as of the current fiscal year-end.
- The Capital Assets Fund represents the net book value of furniture and fixtures for the System.

NOTE G--RESERVE AND DESIGNATED FUNDS--Continued

The Funds had the following approximate balances at June 30:

	(Amounts in Thousands) 2013
Teacher's deposit fund (DC Plan)	$ 204,134
Expense fund	57,358
Capital assets fund	2,180
	$ 263,672

NOTE H--CONTRIBUTIONS

All contribution rates are defined or amended by the Oklahoma Legislature. All active members contribute to the System; however, the employer may elect to make all or part of the contribution for its employees. There are special provisions for members of higher education who joined the System before July 1, 1995. The annual employer contributions reported for the years ended June 30, 2013 were $373,789,020. Employers satisfied 100% of their contribution requirements for 2013.

All members must contribute 7% of regular annual compensation, not to exceed the member's maximum compensation level, which for the year ended June 30, 2013 was the full amount of regular annual compensation.

The employers are required to contribute a fixed percentage of annual compensation on behalf of active clients. The employer contribution rate was 9.5% beginning on January 1, 2011 for all remitting entities other than comprehensive and four year regional universities. The employer contribution rate was 8.55% starting on January 1, 2011 for comprehensive and four year universities. The rates for fiscal years 2013 are applied on the full amount of the Client's regular annual compensation up to certain limits prescribed by the Internal Revenue Code.

NOTE I--BENEFITS

The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O. S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature.

NOTE I--BENEFITS--Continued

Benefit provisions include:

- Members become 100% vested in retirement benefits earned to date after five years of credited Oklahoma service. Members, who joined the System on June 30, 1992 or prior are eligible to retire at maximum benefits when age and years of creditable service total 80. Members joining the System after June 30, 1992 are eligible for maximum benefits when their age and years of creditable service total 90. Members whose age and service do not equal the eligible limit may receive reduced benefits as early as age 55, and at age 62 receive unreduced benefits based on their years of service. The maximum retirement benefit is equal to 2% of final compensation for each year of credited service.
- Final compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for the three highest years of compensation. Final compensation for members joining the System after June 30, 1992 is defined as the average of the highest five consecutive years of annual compensation in which contributions have been made. The final average compensation is limited for service credit accumulated prior to July 1, 1995 to $40,000 or $25,000, depending on the member's election. Monthly benefits are 1/12 of this amount. Service credits accumulated after June 30, 1995 are calculated based on each member's final average compensation, except for certain employees of the two comprehensive universities.
- Upon the death of a member who has not yet retired, the designated beneficiary shall receive the member's total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. A surviving spouse of a qualified member may elect to receive, in lieu of the aforementioned benefits, the retirement benefit the member was entitled to at the time of death as provided under the Joint Survivor Benefit Option.
- Upon the death of a retired member, the System will pay $5,000 to the designated beneficiary, in addition to the benefits provided for the retirement option selected by the member.
- A member is eligible for disability benefits after ten years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon separation from the System, members' contributions are refundable with interest based on certain restrictions provided in the plan, or by the IRC.
- Members may elect to make additional contributions to a tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 403(b).

NOTE I--BENEFITS--Continued

At the election of each eligible member initiating receipt of retirement benefits, the System remits between $100 and $105 per month per eligible retiree to the Employees Group Insurance Division ("EGID"), depending on the members' years of service during 2013. Such amounts were approximately $29,748,000 in 2013 and are included in retirement and other benefits expense. The System performs no administrative functions related to the benefits provided by EGID and the payments have a minimal and declining impact on the operation of the System.

NOTE J--DEDICATED TAX

The System receives 5.0% of the State's sales, use, and corporate and individual income taxes collected as dedicated tax. The System receives 1% of the cigarette taxes collected by the State and receives 5% of net lottery proceeds collected by the State. The System received approximately $300,510,000 from the State in 2013. Amounts due from the State were approximately $28,856,000 at June 30, 2013.

NOTE K--PENSION PLAN FOR EMPLOYEES OF THE SYSTEM

The System also makes employer contributions for its employees who are also members of the System. The System's contributions are under the same terms as other participating employers, as discussed in Note H. In addition to the employer contributions, the System also pays the employees' contributions as a fringe benefit. Benefits paid to members that worked for the System are the same as those described in Note I. The total employee contributions paid by the System for its employees were approximately $168,000, $161,000, and $188,000 for the years ended June 30, 2013, 2012, and 2011, respectively. Total employer contributions paid by the System were approximately $227,000, $219,000, and $256,000 for the years ended June 30, 2013, 2012, and 2011 respectively. The employer contributions for FY 2013, 2012, and 2011 were 113.1%, 115.9%, and 77.6%, respectively, of the actuarial determined annual required contribution amounts and 100% of the contribution rate amounts determined by the legislature.

NOTE L--PLAN AMENDMENTS

The 2013 legislative session resulted in no bills with an actuarial impact on the system.

NOTE M--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION

The System's actuary conducts an annual valuation to determine the adequacy of the current employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. This valuation shows the funded position of the System increased from the funding level at June 30, 2012. Based on current statutes for determining the state, federal, and employer contribution rates, the funded period which is the number of years that would be required to amortize the unfunded actuarial accrued liability (the "UAAL") is 17 years. The actuarial accrued liability increased by $385.2 million, and the actuarial value of assets increased $670.6 million. As a result, the System's unfunded actuarial accrued liability decreased $285.5 million to $8,112.1 million at June 30, 2013. The funded ratio - actuarial value of assets divided by actuarial accrued liability - increased from 54.8% to 57.2%.

The decrease in the UAAL is primarily due to a liability gain resulting from member payroll increasing less than expected and continued investment returns greater than the 8% annual investment return assumption. Based on the current contribution and benefit provisions, assuming no actuarial gains or losses in the future, and assuming the market value of assets returns 8%, the UAAL is expected to trend steadily down to zero over the next 17 years.

The funded status of the System as of June 30, 2013, the most recent actuarial date, is as follows:

Actuarial value of assets (a)	$	10,861.1	
Actuarial accrued liability (AAL) (b)	$	18,973.2	
Total unfunded actuarial accrued liability (UAAL) (b-a)	$	8,112.1	
Funded ratio (a/b)			57.2%
Covered payroll	$	3,933.1	
UAAL as a percentage of covered payroll			206.3%

The Schedule of Funding Progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. The figures above (the UAAL, the funded ratio, and the funded period) are based on actuarial calculations that make use of the actuarial value of assets, not the fair value. Asset gains and losses (earnings greater or less than the 8% investment return assumption) are recognized 20% per year for five years in the actuarial value of assets; the current actuarial value ($10,861.1 million) is $948.8 million smaller than the market value of net assets ($11,809.9 million).

NOTE M--DB PLAN FUNDING STATUS AND ACTUARIAL INFORMATION--Continued

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2013 are as follows:

Funding Method: Costs are developed using the entry age normal cost method (based on a level percentage of covered payrolls). Under the method used for the System, the accrued liability and the present value of future normal costs are determined by summing the individual entry age results for each participant. The normal cost is then determined in aggregate by spreading the present value of future normal costs as a level percentage of expected future covered payrolls. Entry age is defined as the first day service is credited under the System.

Experience gains and losses (i.e., decreases or increases in accrued liabilities attributable to deviations in experience from the actuarial assumption) adjust the unfunded actuarial accrued liability.

Asset Valuation Method: The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

Amortization: The unfunded actuarial accrued liability is amortized on a percent of pay method over a 30-year open period.

Investment Return: 8% per annum, compounded annually, (includes inflation of 3%).

Salary Increases: 4% to 12% per year (includes inflation of 3% and a productivity increase of 1%).

NOTE N--NEW PRONOUNCEMENTS

New Accounting Pronouncements Adopted in Fiscal Year 2013

The System adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), during 2013. GASB 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The adoption of GASB 62 did not have a significant impact on the System's financial statements.

NOTE N--NEW PRONOUNCEMENTS--Continued

New Accounting Pronouncements Adopted in Fiscal Year 2013--Continued

The System adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), during 2013. GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Adoption of GASB 63 resulted in changes to the System's financial statement presentation, but such changes were not significant.

New Accounting Pronouncements Issued, Not Yet Adopted

In April 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 provides further guidance on determining which balances currently reported as assets and liabilities should instead be reported as deferred outflows or deferred inflows of resources. GASB 65 is effective for periods beginning after December 15, 2012, and will be applied on a retroactive basis.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans* (GASB 67). GASB 67 replaces the requirements of Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. GASB 67 enhances note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The requirements of GASB 67 are effective for fiscal years beginning after June 15, 2013.

NOTE N--NEW PRONOUNCEMENTS--Continued

New Accounting Pronouncements Issued, Not Yet Adopted--Continued

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50 as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. GASB 68 also enhances accountability and transparency through revised and new note disclosures and RSI. The requirements of GASB 68 are effective for fiscal years beginning after June 15, 2014.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations* (GASB 69). GASB 69 establishes guidance for 1) determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; 2) using carrying values to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; 3) measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and 4) reporting the disposal of government operations that have been transferred or sold. The requirements of GASB 69 are effective for fiscal years beginning after December 15, 2013.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* (GASB 70). GASB 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. GASB 70 also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units and specifies information required to be disclosed by governments that extend and/or receive nonexchange financial guarantees. The requirements of GASB 70 are effective for fiscal years beginning after June 15, 2013

The System is currently evaluating the effects the above GASB Pronouncements will have on its financial statements.

SCHEDULE OF FUNDING PROGRESS AND SCHEDULE OF EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

(Dollar Amounts in Millions)

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a / b)	Annual Covered Payroll	UAAL as % of Covered Payroll ((b-a) / c)
June 30, 2007	$ 8,421.9	$ 16,024.4	$ 7,602.5	52.6%	$ 3,598.9	211.2%
June 30, 2008	9,256.8	18,346.9	9,090.1	50.5%	3,751.4	242.3%
June 30, 2009	9,439.0	18,950.9	9,512.0	49.8%	3,807.9	249.8%
June 30, 2010	9,566.7	19,980.6	10,414.0	47.9%	3,854.8	270.2%
June 30, 2011	9,960.6	17,560.8	7,600.2	56.7%	3,773.3	201.4%
June 30, 2012	10,190.5	18,588.0	8,397.6	54.8%	3,924.8	214.0%
June 30, 2013	10,861.1	18,973.2	8,112.1	57.2%	3,933.1	206.3%

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS (UNAUDITED)

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2007	$ 575,745,142	93.1%
2008	590,495,652	101.1%
2009	714,367,558	86.6%
2010	742,286,289	83.6%
2011	822,419,996	77.6%
2012	588,287,377	115.9%
2013	619,805,640	113.1%

The employer contribution rates are established by the Oklahoma Legislature. The annual required contribution is performed to determine the adequacy of such contribution rates.

Unaudited - see accompanying independent auditor's report.

SCHEDULE OF INVESTMENT EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

For the Year Ended June 30, 2013

Investment managers	$	35,587,404
Investment consultants		702,000
Total investment expenses	$	36,289,404

See accompanying independent auditors' report.

SCHEDULE OF ADMINISTRATIVE EXPENSES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

For the Year Ended June 30, 2013

Salaries and benefits	$	2,728,652
General and miscellaneous		680,822
Professional/consultant fees		607,303
Travel and related expenses		94,878
Depreciation expense		45,212
Total administrative expenses	$	4,156,867

See accompanying independent auditors' report.

SCHEDULE OF PROFESSIONAL/CONSULTANT FEES

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA

For the Year Ended June 30, 2013

Actuarial		$	114,580
Medical			8,400
Legal			80,391
Audit			97,131
Data processing			79,245
Miscellaneous			227,556
	Total professional/ consultant fees	$	607,303

See accompanying independent auditors' report.

**Independent Auditors' Report on
Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

The Board of Trustees
Oklahoma Teachers' Retirement System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma Teachers' Retirement System (the System), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated November 8, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cole & Reed P.C.

Oklahoma City, Oklahoma
November 8, 2013

Investment Section

TEACHERS' RETIREMENT SYSTEM OF OKLAHOMA PROFESSIONAL CONSULTANTS AND ADVISORS

DOMESTIC EQUITY MANAGERS

Advisory Research, Inc., *All-Capitalization*
Chicago, Illinois
Aronson + Johnson + Ortiz, *Mid-Capitalization Core*
Philadelphia, Pennsylvania
Cove Street Capital, LLC, *Small-Capitalization Value*
El Segundo, California
Epoch Investment Partners, Inc., *All-Capitalization*
New York City, New York
Frontier Capital Management, *Mid-Capitalization Growth*
Boston, Massachusetts
Frontier Capital Management Co. LLC, *Small-Capitalization Value*
Boston, Massachusetts
Geneva Capital Management Ltd., *Small-Capitalization Growth*
Milwaukee, Wisconsin
Hotchkis & Wiley Investment, *Large-Capitalization Value*
Los Angeles, California
Hotchkis & Wiley Investment, *Mid-Capitalization Value*
Los Angeles, California
Northern Trust, *Domestic Equity Index*
Chicago, Illinois
Neumeier Poma Investment Counsel LLC, *Small-Capitalization Growth*
Carmel, California
Sawgrass Asset Management, LLC, *Large-Capitalization Growth*
Jacksonville Beach, Florida
Shapiro Capital Management Company, Inc., *Small-Capitalization Value*
Atlanta, Georgia
State Street Global Advisory, *Domestic Equity Index*
Boston, Massachusetts
Wasatch Advisors, Inc., *Small-Capitalization Growth*
Salt Lake City, Utah
Wellington Management Company, LLP, *Mid-Capitalization Growth*
Boston, Massachusetts

DOMESTIC FIXED INCOME MANAGERS

Hoisington Investment Management Company, *Interest Rate Sensitive*
Austin, Texas
Loomis, Sayles & Company, LP, *Active*
Boston, Massachusetts
Lord Abbett & Company, LLC, *Core+ Active*
Jersey City, New Jersey
MacKay Shields, LLC, *Core+ Active*
New York City, New York

INTERNATIONAL EQUITY MANAGERS

Advisory Research, Inc., *Small Capitalization*
Chicago, Illinois
Causeway Capital Management, LLC
Los Angeles, California
Epoch Investment Partners, Inc., *Small Capitalization*
New York City, New York
Thornburg Investment Management, Inc.
Santa Fe, New Mexico
Wasatch Funds, *Small Capitalization*
Salt Lake City, Utah
Wellington Management Company, LLP, Small Capitalization
Boston, Massachusetts

MASTER LIMITED PARTNERSHIPS

Chickasaw Capital Management
Memphis, Tennessee
Cushing MLP
Dallas, Texas
FAMCO
St. Louis, Missouri

PRIVATE EQUITY MANAGERS

Franklin Park, LLC, Private Equity
Bala Cynwyd, Pennsylvania

REAL ESTATE

AEW
Boston, Massachusetts
Heitman Real Estate
Chicago, Illinois
L & B Real Estate
Dallas, Texas

ADVISORS AND CONSULTANTS

JP Morgan, World Wide Securities Services, *Global Custodian/Securities Lending*
New York City, New York
gregorywgroup, *Investment Consultant*
Tulsa, Oklahoma
Gabriel, Roeder, Smith & Company, *Actuarial Consultant*
Dallas, Texas
Cole & Reed, PC, *External Auditor*
Office of the Attorney General, *Legal Counsel*
Oklahoma City, Oklahoma

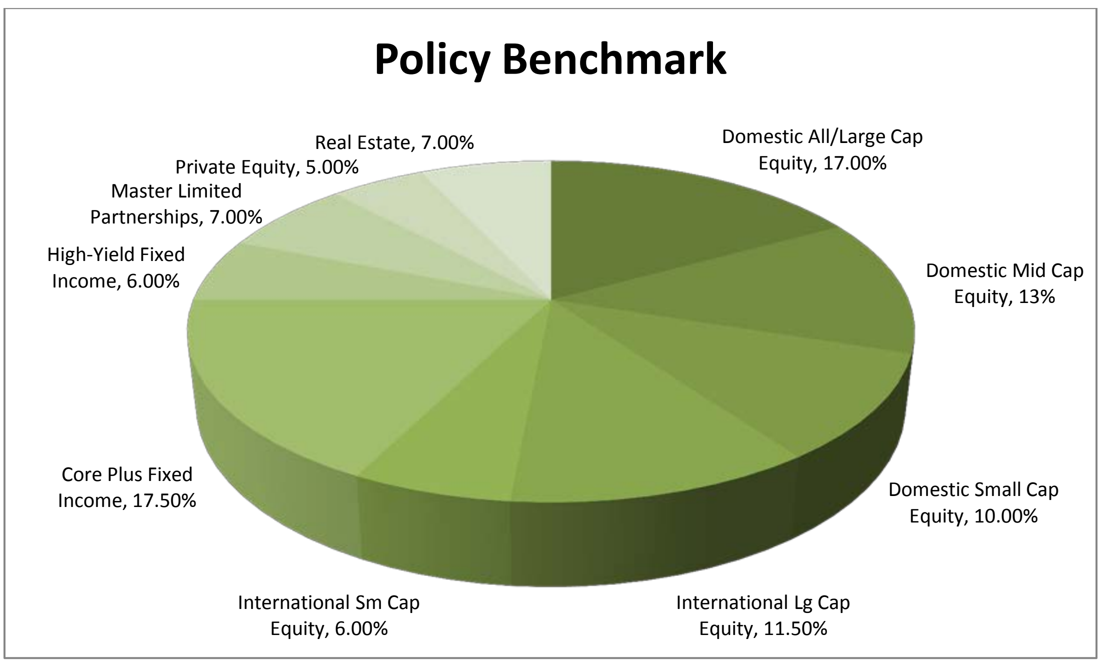
STATEMENT OF INVESTMENT POLICIES

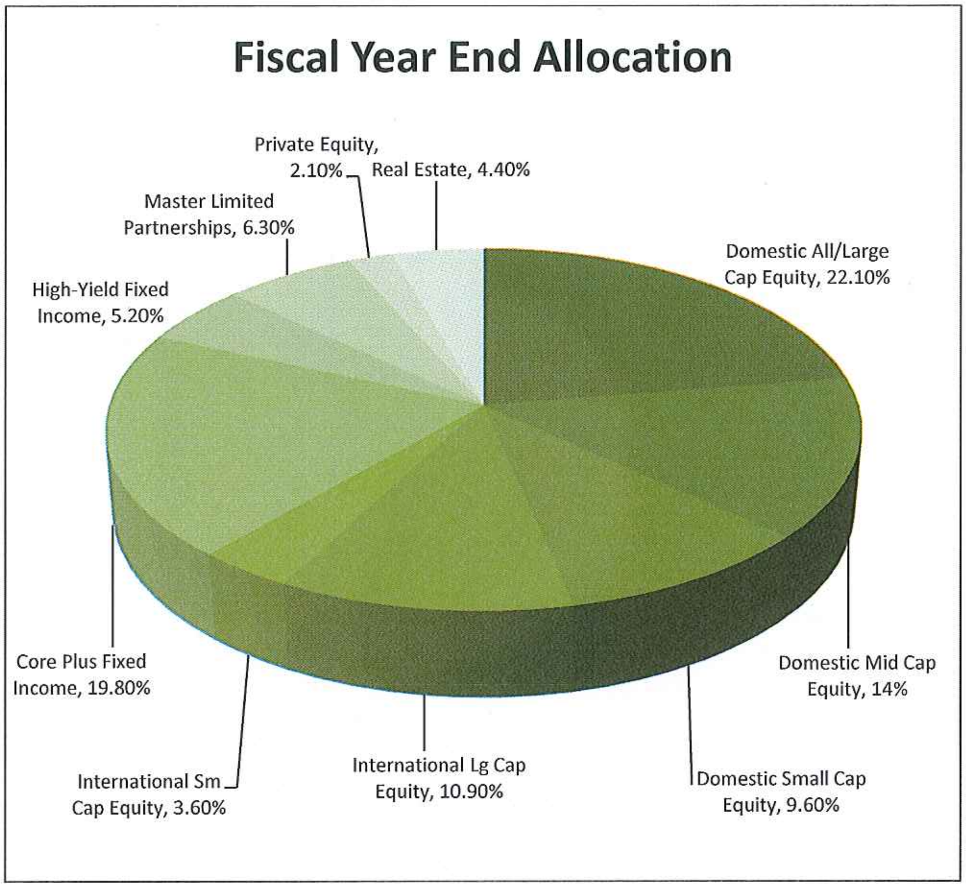
The Oklahoma Teachers Retirement System (OTRS) policies and procedures provide for a prudent and systematic investment process on behalf of its members, allowing for reasonable expenses of administration of the Fund, and providing for an orderly means whereby employees may be retired from active service with all pension benefits allowed by Oklahoma statutes. The Standard of Investment for the Board of Trustees in making investments shall be to exercise the judgment, care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like-capacity and familiar with such matters would use in the conduct of an enterprise of a like- character.

The Board of Trustees diversifies investments to minimize risk. The investment objectives of the Board, as fiduciaries, are long-term rather than short-term. Board policy takes into consideration actuarial assumptions of the retirement program and any unfunded liabilities.

INVESTMENT POLICY ALLOCATION

In the pursuit of long-term returns in excess of our 8.0 percent actuarial assumption, while maintaining the goal of capital preservation OTRS has codified diversified policy asset allocation. The resulting diversified portfolio is designed to enhance long-term returns while mitigating short-term variability. To those ends the OTRS policy allocation exposes a 60 percent allocation to domestic and developed market equities, and a 40 percent allocation to fixed income. All investments are managed by external active managers.



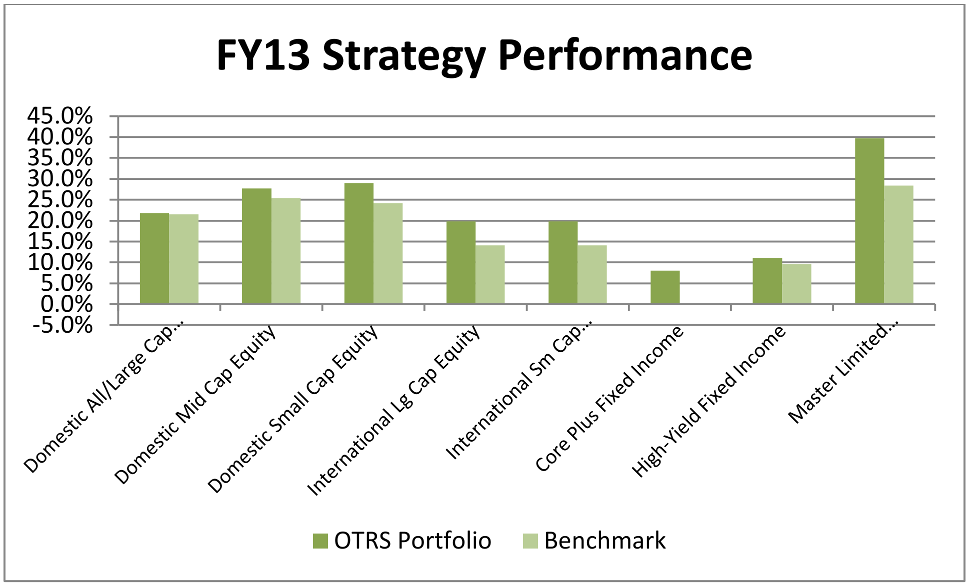


INVESTMENT PERFORMANCE

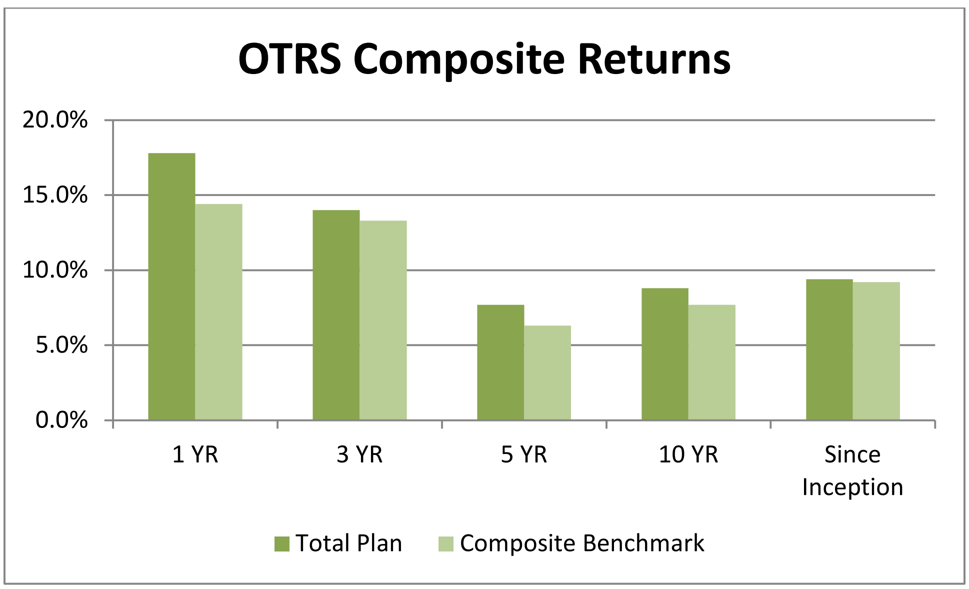
To achieve the investment goals set forth by the OTRS Investment Policy Guidelines, the Board of Trustees employ a strategy of active management. For the Fiscal Year 2013 the Fund realized a, gross of fees return of, 17.8 percent.

This report is prepared by:

Grant Rohlmeier
Manager of Operations and Investments



The Board of trustees has established an investment goal to exceed the policy benchmark by at least 1 percent net of fees. Since inception the OTRS Composite has returned 8.05 percent, gross of fees, while the policy benchmark has returned 8.93 percent.



* Policy benchmark consists of 28% S&P 500, 15% Russell Midcap, 10% Russell 2000, 17% MSCI EAFE, 30% Lehman Aggregate

Top Ten Holdings

As of the fiscal year ended June 30, 2013 the top ten holdings comprised approximately $1,069 million of the total portfolio. The top ten holdings constituted 9.5 percent of the total portfolio.

Security Description	Market Value
TRS OK-HEITMAN REAL ESTATE	$ 178,076,841.00
TRS OK-AEW REAL ESTATE LP	171,755,602.00
OTRS FP PE FUND	170,714,271.70
TRS OK-L&B REAL ESTATE LP	164,376,355.00
PIMCO BRAVO LP	135,297,602.84
OTRS LEGACY FUND	74,807,240.68
TBA FNMA SF 5.50 30 YRS AUG	48,205,678.29
US TREAS BD STRIPPED PRIN PMT PRIN PMT15/MAY/2039	43,481,227.68[1]
UNITED STATES TREAS NTS 1%31/MAY/2018	42,752,343.75[1]
UNITED STATES TREAS NTS 0.375%31/JUL/2013	39,789,149.40[1]
Total:	**$1,069,256,312.34**

[1] Securities are explicitly guaranteed by the United States Government.

* A comprehensive list of the OTRS investments at June 30, 2013 may be obtained by contacting the OTRS Investment Associate.

Investment Expenses

For the Fiscal Year 2013, investment fees paid to investment management firms employed by the system were as follows:

Investment Manager	Fees Paid
Advisory Research	$1,990,301
Aronson+Johnson+Ortiz	615,800
Brandes Investment Partners	1,666,388
Causeway Capital	1,515,123
Cove Street Capital	80,698
Chickasaw Capital	1,512,954
Epoch	2,367,284
Famco/Advisory Research	1,456,051
Frontier Capitol	2,248,669
Geneva Capital Management LTD	122,270
Greg.W.Group	526,500
Global Trading	13,500
Goldman Sachs Management	59,536
Hoisington Investment	424,359
Loomis Sayles and Company	912,445
Loomis Sayles and Company-Opp Bond	987,772
Lord Abbett & Company	765,211
Lord Abbett & Company--Opp Bond	986,005
MacKay Shields LLC	885,422
MacKay Shields LLC--Opp Bond	1,279,608
Merrill Lynch Investment (Hotchkis & Wiley)	1,330,977
Merrill Lynch Investment (Hotchkis & Wiley Mid Cap)	2,120,238
Neumeier Poma	67,928
Northern Trust	55,124
Sawgrass	1,457,884
Shapiro Capital	4,496,322
State Street	171,528
Stephens Inc	422,315
Swank Capital/Cushing MLP	698,825
Thornburg Investment Management	2,102,516
Tocqueville Asset Management	117,649
Wasatch	933,667
Wasatch	150,189
Wellington Management	1,748,347
Total	$36,289,404

Brokers	Principal Traded (000's)	Sum Commission Base	Commissions Per Share
ABEL NOSER	362,002	230,460	2.50
ABG SECURITIES	283	434	7.48
ABN AMRO	101	161	1.36
ACADEMY SECURITIES	2,172	2,000	3.76
AGORA RIO DE JANEIRO	377	377	1.41
ANCORA SECURITIES	5,116	5,835	4.31
AQUA SECURITIES	1,563	994	2.00
AVONDALE PARTNERS	4,204	7,715	4.43
B RILEY & CO	1,439	1,888	4.00
BAIRD (ROBERT W.) & CO.	45,062	34,265	3.33
BANCA IMI SECURITIES	40	56	3.44
BANCO ITAU	4,548	9,649	2.70
BANCO PACTUAL	4,914	10,631	1.24
BANCO SANTANDER	2,657	4,881	1.12
BANCOVAL MADRID	863	1,333	1.56
BANK J VONTOBEL	1,042	1,564	14.34
BARCLAYS CAPITAL	459,742	325,842	1.83
BARRINGTON RESEARCH	4,645	5,024	4.00
BAYPOINT TRADING	49,020	37,867	1.91
BEAR STEARNS & CO	85,362	83,863	3.14
BERENBERG BANK	10,690	20,918	8.56
BLOOMBERG TRADEBOOK	5,012	4,216	2.73
BMO CAPITAL MARKETS	13,635	16,244	4.16
BNP PARIBAS SECURITIES	5,404	10,770	2.87
BNY CONVERGEX EXECUTION SOLUTIONS	93,974	42,287	1.93
BRADESCO	1,401	2,905	1.37
BREAN MURRAY CARRET& CO	2,532	2,257	3.72
BROAD COURT CAP	16,996	33,331	4.14
BROCKHOUSE & COOPER	373	335	3.00
BROWN BROTHERS HARRIMAN & CO	26	0	0.00
BSE SPECIALIST ACCOUNT	3,200	1,597	0.89
BUCKINGHAM RESEARCH	7,031	8,113	3.79
C L KING & ASSOCIATES	6,988	4,892	3.75
CABRERA CAPITAL MARKETS	4,658	3,515	3.59
CALYON SECURITIES	57,119	29,047	0.88
CANACCORO ADAMS	2,297	1,812	4.00
CANADIAN DEPOSITARY FOR SECS	2,929	2,925	3.98
CANTOR FITZGERALD	71,926	53,229	1.79
CAP INSTITUTIONAL SERVICES	204,510	178,927	3.25
CARIS & CO	390	875	5.00
CARNEGIE SECURITIES	2,333	4,187	3.51
CHARLES RIVER BROKERAGE	3,357	1,791	1.25
CHARLES SCHWAB	2,689	1,742	1.64
CI NORDIC SECURITIES	273	410	1.11
CIBC	1,053	1,473	4.69
CICC SECURITIES	2,508	5,002	0.44
CIMB-GK SECURITIES	971	2,059	0.27
CITADEL SECURITIES	232	47	1.00
CITATION GROUP	3,925	7,395	3.00
CITIGROUP	210,894	216,767	0.90
CLSA	1,534	3,044	0.32
COLLINS STEWART	7,618	5,189	2.59
COMPANHIA BRASILEIRA DE LIQUIDACAOE	1,445	1,730	1.55
CONCORDIA	41	61	3.80
COWEN & CO	11,414	13,621	4.02
CRAIG HALLUM	1,905	2,652	4.00
CREDIT AGRICOLE INDOSUEZ	17,508	19,699	2.56
CREDIT LYONNAIS	11,706	22,577	0.69
CREDIT RESEARCH & TRADING	9,445	7,943	1.29
CREDIT SUISSE FIRST BOSTON	335,904	225,211	1.06
CROWELL WEEDON & CO	1,610	1,576	4.00
CSI US INTITUTIONAL DESK	8,109	8,718	3.87

Brokers	Principal Traded (000's)	Sum Commission Base	Commissions Per Share
CUTTONE & CO	2,541	2,379	3.99
D A DAVIDSON & CO	5,008	4,333	4.20
D CARNEGIE	364	570	1.68
DAEWOO SECURITIES CO	1,430	3,574	71.22
DAHLMAN ROSE & CO	957	2,948	4.00
DAIWA CAPITAL MARKETS	11,312	16,768	1.32
DANSKE BANK	710	1,065	4.81
DAVENPORT & CO	872	2,267	3.90
DAVY STOCKBROKERS	190	286	2.46
DBS VICKERS BALLAS	3,442	7,695	0.25
DEAN WITTER REYNOLDS	20,034	21,863	3.00
DEMATTED MONNESS	11,452	15,327	4.28
DEUTSCHE BANK	370,019	172,083	0.73
DEXIA BANK	797	490	0.34
DONALDSON LUFKIN JENRETTE	6,673	5,050	3.00
DONGWON SECURITIES	114	251	189.83
DOUGHERTY CO	2,492	7,224	4.00
DOWLING & PARTNERS	13,483	16,208	4.41
EISENHOWER NATIONAL BANK	109	30	1.25
EUROCLEAR	4,262	4,225	0.76
EVERCORE GROUP	2,196	4,506	3.78
EXANE	3,432	5,078	1.38
EXECUTION LTD	605	945	0.40
FIDELITY CAPITAL MARKETS	5,230	5,994	2.01
FIRST ANALYSIS SECURITIES	2,144	2,604	4.00
FIRST CLEARING	41,266	32,558	3.07
FIRST NEW YORK SECURITIES	563	500	4.00
FIRST UNION CAPITAL MARKETS	53,605	47,366	3.56
FOKUS BANK	109	164	0.20
FRIEDMAN BILLINGS & REMSEY	6,217	9,407	3.04
G TRADE SERVICES	3,084	1,273	0.47
GABELLI & CO	183	131	3.00
GIRARD SECURITIES	3,099	7,121	3.00
GLOBAL HUNTER SECURITIES	1,434	1,485	4.31
GOLDMAN SACHS	490,104	451,399	1.36
GOOD MORNING SHINHAN SECURITIES	1,877	3,002	31.77
GOODBODY STOCKBROKERS	2,022	4,046	2.97
GUGGENHEIM CAPITAL MARKETS	9,560	11,747	4.12
GUZMAN & CO	7,908	6,161	2.00
HEIGHT SECURITIES	7,179	9,913	3.85
HIBERNIA SOUTHCOAST CAPITAL	1,928	2,787	2.54
HOWARD WEIL LABOUISSE FRIEDRICHS	1,586	2,477	4.66
HSBC BANK	6,003	9,442	1.52
ICAP SECURITIES	261	340	0.93
IMPERIAL CAPITAL	10,744	18,724	3.01
ING	4,581	8,689	3.36
INSTINET	174,476	101,033	0.86
INTERMONTE SIM	191	287	2.46
INTESA SANPAOLO PRIVATE BANKING	72	25	0.55
INVESTEC HENDERSON CROSTHWAITE SECURITIES	1,009	1,459	1.32
ISI GROUP	15,078	13,760	3.09
ISLAND TRADER SECURITIES	39,061	35,589	3.88
ITAU SECURITIES	89	177	2.40
ITG	599,763	324,739	0.93
JAMES CAPEL & CO	115	173	6.71
JANNEY MONTGOMERY SCOTT	26,406	28,442	4.01
JEFFERIES & CO	127,537	106,428	1.85
JMP SECURITIES	4,494	7,503	4.27
JNK SECURITIES	1,677	1,064	3.09
JOHNSON RICE & CO	16,288	27,782	3.15
JONES TRADING INSTITUTIONAL SERVICES	259,465	317,269	2.81
JP MORGAN & CHASE	80,388	86,809	1.32

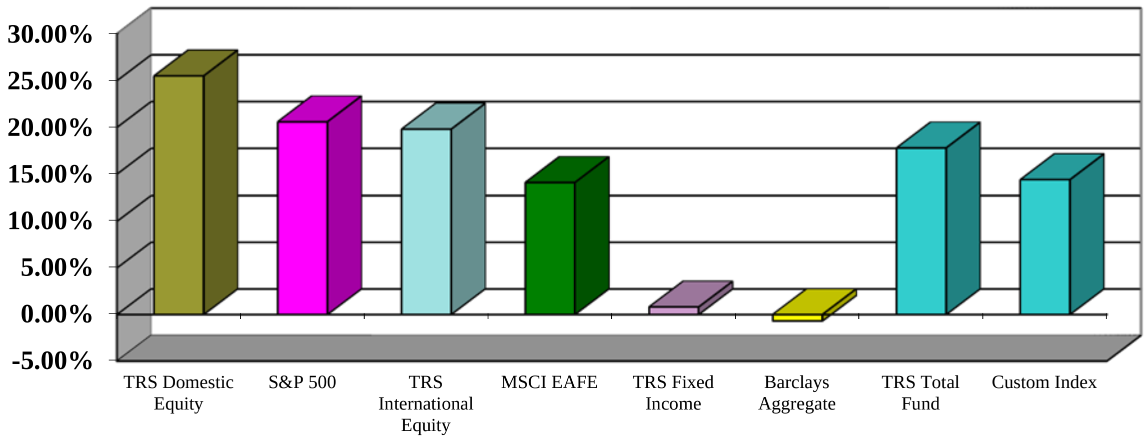
Brokers	Principal Traded (000's)	Sum Commission Base	Commissions Per Share
KAS ASSOCIATES	1,133	1,812	6.83
KEEFE BRUYETTE & WOODS	22,415	24,236	2.53
KEPLER EQUITIES	1,062	1,593	0.33
KEYBANC CAPITAL MARKETS	18,625	17,054	3.89
KIM ENG SECURITIES	71	144	0.18
KING C L & ASSOCIATES	6,389	6,680	3.46
KM PARTNERS	624	687	3.00
KNIGHT CAPITAL	17,357	13,774	3.02
KNIGHT SECURITIES	1,890	11,178	2.00
LAZARD FRERES & CO	4,650	3,350	4.00
LEERINK SWANN & CO	6,183	8,662	4.16
LEK SECURITIES	10,911	15,631	4.00
LIBERUM CAPITAL	1,044	1,188	0.70
LIQUIDNET	297,022	288,165	1.33
LONGBOW SECURITIES	7,228	7,708	3.85
LOOP CAPITAL MARKETS	23,425	13,187	2.35
LYNCH JONES & RYAN	93,553	73,675	3.00
MACQUARIE BANK	42,328	59,382	1.83
MACRO RISK ADVISORS	2,017	1,795	4.56
MEDIOBANCA	1,140	1,709	1.33
MELLON TRUST OF NEW ENGLAND	1,087	0	0.00
MERRILL LYNCH	325,940	279,400	1.11
MILLER TABAK HIRSCH & CO	145	160	4.00
MISCHLER FINL GROUP	10,468	10,058	3.93
MITSUBISHI UFJ SECURITIES	6,220	7,845	2.25
MIZUHO SECURITIES	9,551	13,804	2.14
MKM PARTNERS	1,149	1,729	3.79
MORGAN STANLEY	191,423	183,516	1.92
NATIONAL FINL SVCS	18,193	15,918	4.00
NEEDHAM & CO	2,254	3,656	3.60
NOMURA	33,783	28,076	0.19
NORSE SECURITIES	83	122	0.16
NORTHERN TRUST SECURITIES	119	0	0.00
NUMIS SECURITIES	12,386	18,036	1.46
ODDO	1,459	2,482	4.29
ONEIL WILLIAM & CO	33,823	6,924	1.00
OPPENHEIMER	17,363	14,922	3.50
PACIFIC CREST SECURITIES	5,495	5,654	3.89
PCS SECURITIES	1,743	3,211	4.70
PERSHING	18,363	23,686	0.87
PICKERING ENERGY PARTNERS	624	1,083	4.38
PIPER JAFFRAY & CO	15,443	29,762	3.87
PORTALES PARTNERS	1,751	3,010	4.94
PULSE TRADING	433	264	1.00
RAYMOND JAMES & ASSOCIATES	47,629	70,927	3.66
RBC CAPITAL	91,900	86,784	2.83
REDBURN PARTNERS	1,800	2,695	0.66
RIDGE CLEARING & OUTSOURCING	61	56	4.00
ROBERT W BAIRD & CO	10,195	8,557	3.52
ROSENBLATT SECURITIES	93,985	29,177	1.38
ROTH CAPITAL PARTNERS	1,640	3,208	4.00
SALOMON SMITH BARNEY	6,798	3,411	0.06
SANDLER O'NEILL & PARTNERS	2,189	1,144	3.00
SANFORD C BERNSTEIN	169,762	129,848	1.26
SCOTIA CAPITAL	516	1,241	4.33
SCOTT & STRINGFELLOW	10,910	8,980	3.16
SEAPORT GROUP SECURITIES	152	268	4.00
SG AMERICAS SECURITIES	249,554	81,169	1.02
SG SECURITIES	264	372	3.91
SIDOTI & CO	15,807	15,833	3.59
SIMMONS & CO	922	884	4.29
SJ LEVINSON & SONS	551	825	5.35

Brokers	Principal Traded (000's)	Sum Commission Base	Commissions Per Share
SMBC SECURITIES	1,050	1,263	1.26
SOCIETE GENERALE	14,898	21,197	1.04
STANDARD CHARTERED BANK	106	211	0.35
STATE STREET BANK	426,617	156,385	0.33
STEPHENS	8,185	5,857	3.63
STERNE AGEE & LEACH	16,428	15,121	3.95
STIFEL NICOLAUS & CO	16,649	19,016	3.68
STRATEGAS SECURITIES	454	309	3.00
SUNTRUST CAPITAL MARKETS	10,029	14,320	4.04
SVENSKA HANDELSBANKEN	277	495	8.18
THE BENCHMARK CO	1,388	1,027	4.00
THEMIS TRADING	82,521	29,421	2.00
TORONTO DOMINION SECURITIES	2,770	3,968	3.95
UBS	203,576	195,111	2.08
UNPUBLISHED ACCOUNT	630	1,260	1.68
UOB KAY HIAN PTE	4,622	13,854	1.60
WACHOVIA CAPITAL MARKETS	6,406	7,889	3.80
WEDBUSH MORGAN SECURITIES	5,231	9,197	4.30
WEEDEN & CO	72,887	39,472	1.45
WESBANCO BANK	125	0	0.00
WILLIAM BLAIR & CO	4,594	4,676	4.00
WILLIAMS CAPITAL GROUP	16,607	15,252	3.27
WOLFE TRAHAN SECURITIES	15,296	19,669	3.07
WOORI INVESTMENT AND SECURITIES	150	331	59.13
WUNDERLICH SECURITIES	1,955	3,460	4.00
XP INVESTIMENTOS	701	1,600	3.91
ZACKS & CO	442	592	3.56
Grand Total	7,539,605	5,952,227	0.79
Less: Commission Recapture		(140,100)	
Adj. Commissions Per share		5,812,127	0.77

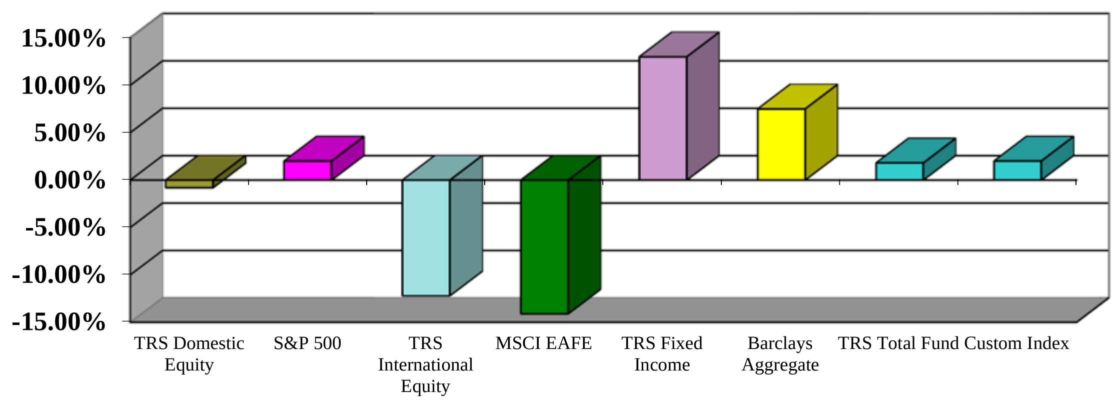
Summary of Investments
June 30, 2013

Type of Investment	Fair Value	Percentage of Total Fair Value
Fixed Income:		
U S Government Securities	$1,056,986,977	8.9%
Corporate Bonds	1,657,819,302	13.9%
International Bonds	117,154,794	1.0%
Total Fixed Income	2,831,961,073	23.8%
Equities:		
Domestic	6,204,876,534	52.0%
International	1,153,017,367	9.7%
Total Equities	7,357,893,901	61.7%
Other Investments:		
Alternative Investments	412,641,707	3.5%
Real Estate	530,077,146	4.4%
Total Other Investments	942,718,853	7.9%
Short-Term Investments:		
Short-term Investments JP Morgan	770,703,362	6.5%
Money Markets	26,042,438	0.2%
Total Short-Term Investments	796,745,800	6.7%
Total Investments	$11,929,319,627	92.2%

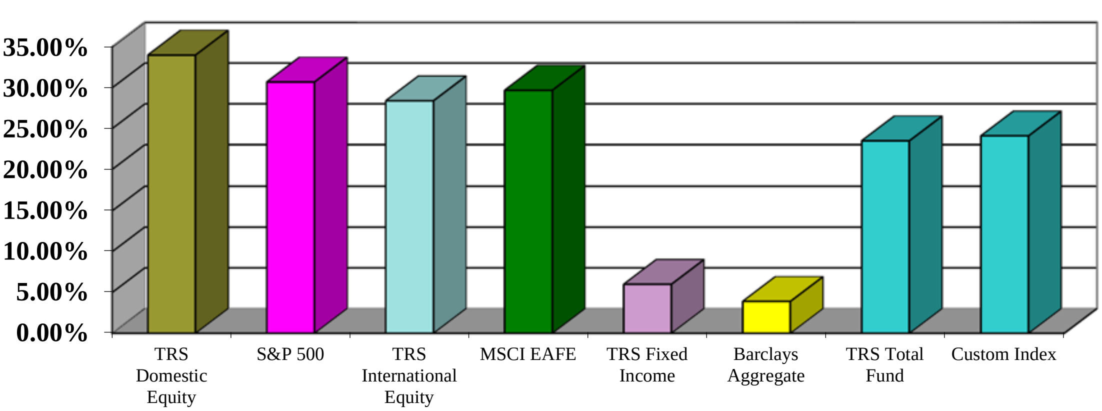
Comparative Rates of Return Fiscal Year 2013



Comparative Rates of Return Fiscal Year 2012



Comparative Rates of Return Fiscal Year 2011

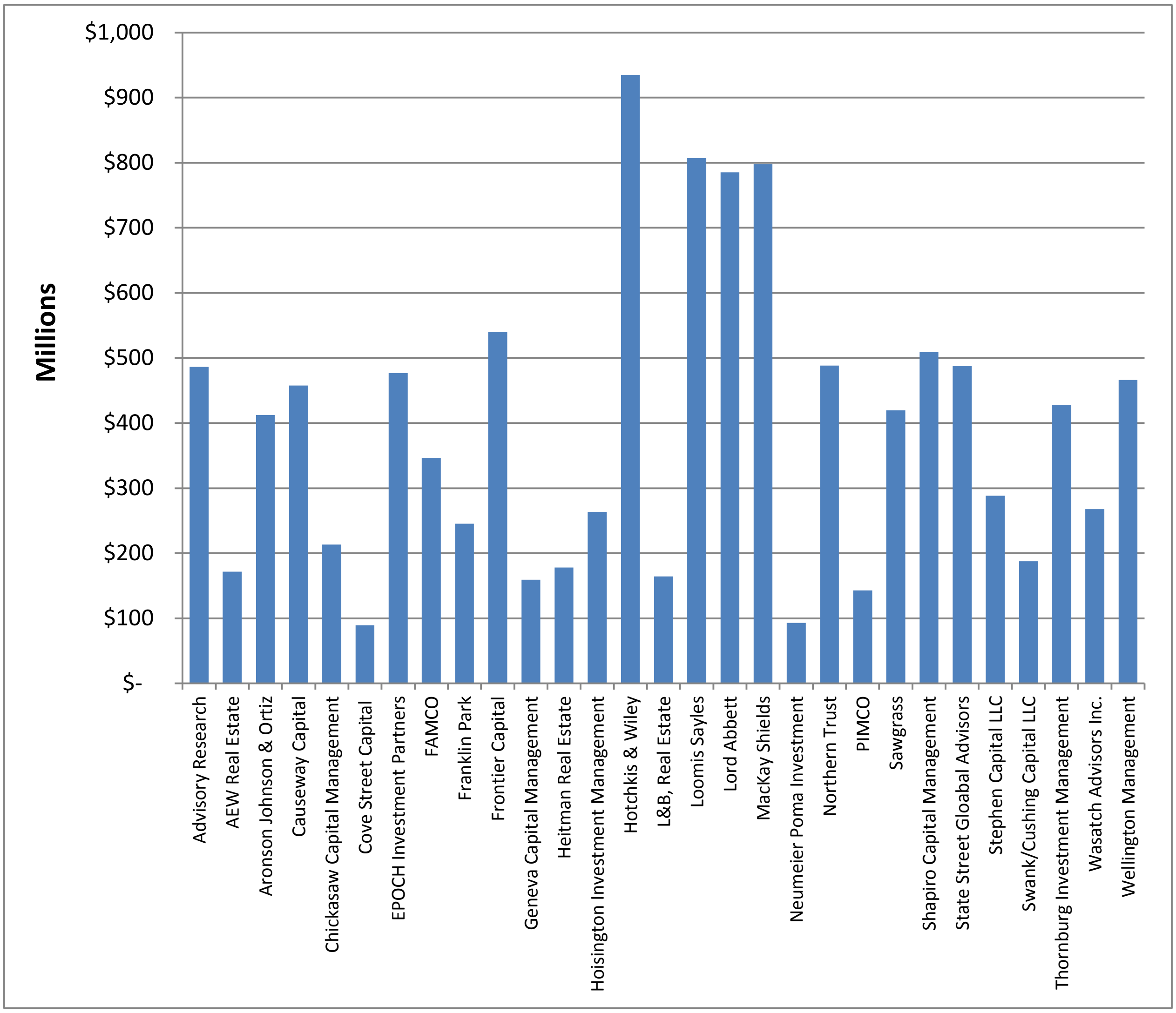


Investment Managers

The Board of Trustees has hired the following investment management firms to manage the assets of the System. The investment managers have full discretion in the management of assets in their portfolios, subject to individual investment styles and the overall guidelines of the System's Investment Policy.

Investment Manager	Funds Under Management (in millions)
Advisory Research	$ 486
AEW Real Estate	171
Aronson Johnson & Ortiz	412
Causeway Capital	458
Chickasaw Capital Management	213
Cove Street Capital	89
EPOCH Investment Partners	477
FAMCO	347
Franklin Park	246
Frontier Capital	540
Geneva Capital Management	159
Heitman Real Estate	178
Hoisington Investment Management	264
Hotchkis & Wiley	935
L&B, Real Estate	164
Loomis Sayles	807
Lord Abbett	785
MacKay Shields	798
Neumeier Poma Investment	93
Northern Trust	488
PIMCO	143
Sawgrass	420
Shapiro Capital Management	509
State Street Gloabal Advisors	488
Stephen Capital LLC	288
Swank/Cushing Capital LLC	188
Thornburg Investment Management	428
Wasatch Advisors Inc.	268
Wellington Management	466
Total:	**$ $11,308**

Assets Managed



Rates of Return

Periods Ended June 30	One Year	Three Years	Five Years
Domestic Equity	25.5%	18.6%	8.1%
S&P 500	20.6%	18.5%	7.0%
International Equity	19.8%	10.5%	1.4%
MSCI EAFE	14.1%	8.5%	-0.3%
Fixed Income	.8%	6.5%	7.9%
Barclay's Aggregate	-0.7	3.5%	5.2%
Total Fund	17.8%	14%	7.7%
Benchmark*	14.4%	13.3%	6.3%

* Benchmark -2.0% S&P 500, -1.7% Russell Mid Cap, -2.1% Russell 2000, -14.1% MSCI EAFE, 7.5% Barclays Capital Aggregate.

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Actuarial Section

Gabriel Roeder Smith & Company
Consultants & Actuaries

TEACHERS'RETIREMENT SYSTEM OF OKLAHOMA
ANNUAL ACTUARIAL VALUATION
AS OF JUNE 30, 2013

GRS Gabriel Roeder Smith & Company
Consultants & Actuaries

5605 N. MacArthur Blvd.
Suite 870
Irving, TX 75038-2631

469.524.0000 phone
469.524.0003 fax
www.gabrielroeder.com

October 23, 2013

Board of Trustees
Teachers' Retirement System of Oklahoma
Oliver Hodge Education Building
2500 N. Lincoln Boulevard, 5th Floor
Oklahoma City, Oklahoma 73105

Dear Members of the Board:

SUBJECT: ACTUARIAL VALUATION AS OF JUNE 30, 2013

We certify that the information contained in this report is accurate and fairly presents the actuarial position of the Teachers' Retirement System of Oklahoma (the System) as of June 30, 2013. This report was prepared at the request of the Board and is intended for use by the System's staff and those designated or approved by the Board. This report may be provided to parties other than the staff only in its entirety and only with the permission of the Board.

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, the results presented also comply with the requirements of the Oklahoma statutes and, where applicable, the Internal Revenue Code and the Statements of the Governmental Accounting Standards Board. The undersigned are independent actuaries. They are Enrolled Actuaries and Members of the American Academy of Actuaries, and they are experienced in performing valuations for large public retirement systems. They meet all of the Qualification Standards of the American Academy of Actuaries.

ACTUARIAL VALUATION

The primary purposes of the actuarial valuation report are to determine the adequacy of the current State and employer contribution rates, to describe the current financial condition of the System, and to analyze changes in the System's condition. In addition, the report provides information required by the System in connection with Governmental Accounting Standards Board Statement No. 25 (GASB 25), and it provides various summaries of the data.

Valuations are prepared annually, as of June 30th of each year, the last day of the System's plan and fiscal years.

FINANCING OBJECTIVES

The member, employer, State, and "grant matching" contribution rates are established by law. Members contribute 7.00% of covered compensation. The contribution rate for employers covered by the Education Employees Service Incentive Plan (EESIP) is 9.50%. For employers not covered by the EESIP—the comprehensive and regional four-year universities—the contribution rate is 8.55%. No employer contribution rate changes are currently scheduled.

There is also an additional contribution made by the comprehensive universities, the Initial Funding Surcharge, which is equal to 2.50% of the payroll for those employees who elect to join the Alternate Retirement Plan in lieu of joining the System. This contribution will continue through FY 2034 or until June 30 of the year in which the unfunded actuarial accrued liability of the participating institutions is reduced to zero, if earlier. In addition, the State of Oklahoma contributes a percentage of its revenues from sales taxes, use taxes, corporate income taxes, individual income taxes, and lottery proceeds to the System. This percentage is currently 5.00%, and no changes are scheduled in this rate. Additionally, the System receives "grant matching" contributions from employers for positions whose funding comes from federal sources or certain grants. The matching contribution rate for FY 2013 was 8.00% and it will increase to 8.25% for FY 2014. This matching rate is intended to approximate the contribution from the State of Oklahoma measured as a percentage of "State" payroll, i.e., payroll excluding that paid from federal or certain grant sources.

The State's contribution for FY 2014, based on information presented to the State's Equalization Board, is projected to be $317 million. Therefore, we project that the State's contribution plus the matching contribution and the Initial Funding Surcharge will be equivalent to a contribution rate of approximately 8.5% of covered payroll for the fiscal year ending June 30, 2014. Since these three contribution sources are unrelated to the covered payroll of the System, our outlook for the future contribution level from these sources also incorporates the past four years of actual contributions, resulting in a five-year average of 7.7%.

The employer payroll contribution—9.50% for most employers and 8.55% for the comprehensive and regional universities—is projected to average about 9.3% of payroll, so on a combined basis, we expect that the contributing entities will contribute 17.0% of covered payroll (7.7% + 9.3% = 17.0%) in the future.

The State, local and matching contributions, when combined with the contributions made by members, are intended to pay for the normal cost and to amortize the unfunded actuarial accrued liability of the System.

PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The unfunded actuarial accrued liability (UAAL) as of June 30, 2012 was $8.398 billion, and it decreased to $8.112 billion this year. As a result, the System's funded ratio—actuarial value of assets divided by the actuarial accrued liability—increased from 54.8% to 57.2% as of June 30, 2013. This increase was primarily due to a liability gain resulting from member payroll increasing less than expected. This funded ratio increases to 62.2% measured on the market value of assets as of June 30, 2013.

The period required to completely amortize the UAAL based upon the contribution schedule is called "the funding period." Based upon the current statutory contribution schedule, the funding period decreased significantly from 22 years as of June 30, 2012 to 17 years in the current valuation. The decrease is due to the liability gain described above as well as a 17.3% return on the market value of assets as described in Section E. Based upon the current contribution and benefit provisions, assuming no actuarial gains or losses in the future, and assuming the market value of assets returns 8%, the UAAL is expected to trend steadily down to zero over the next 17 years.

DEFERRED ASSET LOSSES/GAINS

The UAAL and the funded ratio cited above are based on actuarial calculations that make use of the actuarial value of assets, not the market value. The actuarial value of assets is based upon the market value, but asset gains and losses – earnings greater or less than the 8.00% annual investment return assumption – are recognized at a rate of 20% per year for five years. The current actuarial value of $10.861 billion is $949 million lower than the market value of $11.810 billion, and the actuarial value of assets is approximately 92% of the market value. As previously stated, the funded ratio determined using the market value of assets rather than the actuarial value is 62.2%.

BENEFIT PROVISIONS

Our actuarial valuation as of June 30, 2013 reflects the benefit and contribution provisions set forth in current statutes. There were no bills enacted during the 2013 State of Oklahoma legislative session that had an actuarial impact upon the System.

A summary of all major plan provisions contained within this valuation is included in Appendix I of this report.

ACTUARIAL ASSUMPTIONS AND METHODS

Assumptions are set by the Board of Trustees, taking into account the recommendations of the System's actuary. The System has an experience investigation study performed every fifth year. The actuarial assumptions used in this valuation are based upon the 2009 Experience Investigation Study Report, dated September 15, 2010, measuring the experience investigation period FY2005 – FY2009. The current actuarial assumptions were adopted by the Board in September 2010 and first utilized in the June 30, 2010 actuarial valuation report. The retirement assumption was modified after the experience investigation study to incorporate the change in retirement eligibility for members hired on or after November 1, 2011.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of the System.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods.

A summary of the actuarial methods and assumptions incorporated into this valuation is included in Appendix III of this report.

DATA

Member data for retired, active, and inactive participants was supplied as of June 30, 2013 by the System's staff. We have not subjected this data to any auditing procedures, but have examined the data for reasonableness and consistency with the prior year's data. Asset information as of June 30, 2013 was supplied by the auditors and by the System's staff. GRS is not responsible for the accuracy or completeness of the information provided to us.

We wish to sincerely thank the System's entire staff and the System's financial auditors for their assistance in the preparation of our report.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

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Executive Summary

Item	2013	2012
Membership		
• Number of		
- Active members	89,333	87,778
- Retirees and beneficiaries	54,581	52,716
- Inactive, vested	9,120	8,687
- Inactive, nonvested	8,926	8,564
- Total	161,960	157,745
• Payroll	$ 3,933 million	$ 3,925 million
Statutory contribution rates	FY 2014	FY 2013
• Employers in EESIP	9.50%	9.50%
• Regional universities	8.55%	8.55%
• Federal/grant salaries	8.25%	8.00%
• Members	7.00%	7.00%
• State (% of tax revenues)	5.00%	5.00%
Assets		
• Market value	$ 11,810 million	$ 10,195 million
• Actuarial value	$ 10,861 million	$ 10,190 million
• Return on market value	17.3%	1.3%
• Return on actuarial value	7.9%	3.3%
• State/local/federal contributions	$ 701 million	$ 682 million
• External cash flow %	-1.2%	-1.0%
• Ratio of actuarial to market value	92.0%	100.0%
Actuarial Information		
• Normal cost %	9.81%	9.81%
• Unfunded actuarial accrued liability (UAAL)	$ 8,112 million	$ 8,398 million
• Funded ratio	57.2%	54.8%
• Funding period (years)	17	22
GASB 25 ARC (30 year, level %)	FY 2014	FY 2013
• Dollar amount	$602,936,966	$619,805,640
• Percent of pay	14.62%	15.06%
Gains/(losses)		
• Asset experience	($6) million	($468) million
• Liability experience	353 million	(180) million
• Benefit changes	0 million	0 million
• Legislative Changes	0 million	(130) million
• Assumption Changes	0 million	0 million
• Total	$ 346 million	($778) million

INTRODUCTION

The results of the June 30, 2013 actuarial valuation of the Teachers' Retirement System of Oklahoma are presented in this report.

The purposes of any actuarial valuation report are to describe the financial condition of the System, to assess the adequacy of the current contributions, and to analyze changes in the funding requirements. In addition, this report presents information required by the System in connection with Governmental Accounting Standards Board Statement No. 25 (GASB 25).

Section C of our report discusses the determination of the current funding period. Section D analyzes the changes in the unfunded actuarial accrued liability (UAAL). This section also discusses the gains and losses resulting from differences between actual experience and the actuarial assumptions.

Section E of our report details the System's assets as they relate to our actuarial valuation, while Section F discusses the changes in the benefit and contribution provisions since the previous valuation, if any. Section G discusses liabilities calculated for GASB 25 purposes. Sections H and I discuss the actuarial assumptions and methods used and the membership data.

All of the Tables referenced by the other sections appear in Section J of this report.

FUNDED STATUS

Because the employer contribution rates are set by statute, this report determines the funding period required to amortize the Unfunded Actuarial Accrued Liability (UAAL).

The UAAL decreased by $286 million, from $8.398 billion to $8.112 billion as of June 30, 2013. The funded ratio – the ratio of the actuarial value of assets to the actuarial accrued liability – increased from 54.8% to 57.2% as of June 30, 2013. The increase in the funded status is due mainly to a liability gain resulting from member payroll increasing less than expected. A detailed summary of the changes in UAAL is included in Table 11a.

The funding period – the number of years that would be required under the current contribution schedule to amortize the UAAL – decreased from 22 years to 17 years.

We expect that the System will receive contributions equivalent to 17.8% of covered payroll for FY 2014 from the employers and the State. Since the contributions from the State, the matching contributions, and the Initial Funding Surcharge are unrelated to the covered payroll of the System, our outlook for the future contribution level from these sources also incorporates the past four years of actual contributions. As a result, our outlook for the future contribution level is 17.0% of covered payroll.

Projections show that it will take about ten years for the plan to reach 80% funded (based upon the current contribution and benefit provisions, assuming no actuarial gains or losses in the future, and assuming the market value of assets returns 8%).

As previously mentioned, this report also determines the GASB Annual Required Contribution (ARC). This is the contribution required to fund the normal cost and to amortize the UAAL as a level percentage of payroll over 30 years. This amount is 14.62% of projected active member payroll as shown in Table 1, compared to 15.06% last year. As of June 30, 2013, our projections show that the ARC is expected to trend downward towards the annual employer normal cost rate of 2.81% over the next 17 years at which time the UAAL is projected to be zero.

ANALYSIS OF CHANGES

Unfunded Actuarial Accrued Liability (UAAL)

Table 11a of our report shows an analysis of the change in the UAAL. The UAAL, which was $8.398 billion last year, has decreased to $8.112 billion this year. The decrease in the UAAL was due to a liability gain resulting from member payroll increasing less than expected.

Funding Period

As noted in Table 1 under Section K of our report, the funding period (the period required to amortize the UAAL) decreased from 22 years to 17 years. This decrease is due primarily due to the liability gain described above and a return on the market value of assets of 17.3%.

The funding period shown in Table 1 of our report, and the projection of the UAAL shown in Table 12, are based upon a deterministic projection that phases in the difference between the actuarial and market values of assets. This projection assumes: (a) future market earnings, net of expenses, will equal 8.00% per year, (b) there will be no liability gains/losses or changes in assumptions, (c) the number of active members will remain unchanged, (d) active members who leave employment will be replaced by new entrants each year, and (e) employer and State contributions will remain at approximately 17.0% of payroll each year.

SYSTEM ASSETS

This report contains several tables that summarize key information with respect to the System's assets. Assets are reported at market value as required under GASB 25.

The total market value of assets increased from $10.195 billion to $11.810 billion as of June 30, 2013. This excludes the value of the Teachers' Deposit Fund. (The Teachers' Deposit Fund is the fund that holds the 403(b) plan assets.)

Table 6 reconciles the changes in the fund during the year. Employer contributions decreased slightly from $376.6 million to $373.5 million. The State's contribution increased from $281.8 million to $300.5 million, reflecting increased State tax revenues. Active member contributions decreased slightly from $291.4 million to $290.0 million, including State credits for contributions.

Table 7 shows the development of the actuarial value of assets. Rather than use the System's market value of assets, the valuation reflects a smoothed asset value. This actuarial value is calculated using a five-year average of the difference between expected and actual earnings on the market value and is meant to dampen the volatility in the ARC resulting from the year-to-year changes in the market returns. The actuarial value is about 92% of market value with $949 million in deferred asset gains that have yet to be recognized.

Table 8a provides a calculation of the estimated investment return for the year. As shown, the approximate investment return for FY 2013 is 17.3% when measured on market value and 7.9% when measured on actuarial value. Table 8b shows a history of return rates since FYE 1994. The System's ten (10) year and twenty (20) year average annual market returns, net of expenses, are 8.4% and 8.7%, respectively.

Table 9 shows an external cash flow history. External cash flow is a negative 1.2% of assets this year. Table 10a shows the development of the small asset loss of $6.4 million on an actuarial value of assets basis. Although the return on market value of assets was 17.3%, five-year "smoothing" and the recognition of the final 20% of the extraordinary asset loss (a negative 16.2%) for the year ending June 30, 2009 resulted in a slight loss on an actuarial value basis.

BENEFIT AND CONTRIBUTION PROVISIONS

Appendix I of our report provides a summary of benefit and contribution provisions of the System, while Appendix II is a historical summary of legislative changes. There were no bills passed in the 2013 legislative session that had an actuarial impact on the System.

GASB 25 DISCLOSURES

This report includes three tables—Tables 4a, 4b and 4c—showing information required to be reported under GASB 25.

Table 4a shows a history of funding progress. The funded ratio increased from 54.8% as of June 30, 2012 to 57.2% as of June 30, 2013. The increase in the funded ratio as of June 30, 2013 was primarily due to a liability gain resulting from member payroll increasing less than expected.

Table 4b shows the Annual Required Contribution (ARC) as computed under GASB 25, and it shows what percent of this amount was actually received. The ARC is computed as the normal cost plus a 30-year level percent-of-payroll amortization of the UAAL. The 30-year period is re-determined each year (i.e., this is an "open amortization period"). The actual contributions that are compared with the ARC were the contributions received from employers, plus grant matching funds, plus the State's contribution. For FY 2013, the System received 113.1% of its ARC compared with 115.9% for FY 2012. We expect the actual future contributions, made per the statutes, will continue to exceed the ARC, and this will result in the UAAL being amortized in less than 30 years.

In interpreting these schedules, keep in mind that a number of changes that impact comparability have occurred:

- The determination of the ARC was changed from a 40-year level-dollar amortization of the UAAL to a 30-year level-percent of payroll quantity, effective for FY 2006.
- Plan benefit changes were made in most years. See Appendix II of our report.
- Assumptions were changed in 2000, 2005, and 2010 following experience studies.
- Other assumption changes were made in 2001 and 2006 in connection with the EESIP.
- The assumption with regard to future ad hoc COLAs has been changed several times. No assumption was made prior to 2001. A 1% assumption was used in 2001 and 2002. No assumption was used in 2003, and a 1% assumption was used from 2004 to 2007. This assumption was increased to 2% with the June 30, 2008 actuarial valuation. Due to the passage of HB 2132, no future COLAs are assumed beginning with the June 30, 2011 actuarial valuation.

Table 4c shows additional information that must be included in the financial report.

ACTUARIAL ASSUMPTIONS AND METHODS

Appendix III of our report summarizes the actuarial assumptions used to determine the System's liabilities and the actuarial methods used to determine the normal cost, UAAL and funding period. The current actuarial assumptions were first used for the June 30, 2010 valuation, when the Board adopted changes recommended by the actuary, based on a review of the System's experience for the five-year period ending June 30, 2009. The retirement assumption was modified after the experience investigation study to incorporate the change in retirement eligibility for members hired on or after November 1, 2011.

No changes were made to either the actuarial assumptions or methods since the prior actuarial valuation.

MEMBERSHIP DATA

Data on all members of the System, whether active, receiving a benefit, or entitled to a future benefit, was supplied by the System.

We did not verify the correctness of the data at the source, but we did perform various tests to ensure the internal consistency of the data and its overall reasonableness. In our review of this data we encountered a small number of records with missing or inconsistent information. We made adjustments to these records, but this did not materially impact the results shown.

Item V of Appendix III of our report provides more detail about the processing of membership data for valuation purposes.

Tables 5a and 5b show some key statistics for the various groups included and Table 14 shows the distribution of active members by age and service.

There was a 1.8% increase in the number of active members since the previous valuation and a 0.2% increase in the payroll for active members based on the data provided.

Membership has grown by an average of 0.1% per year over the last five years and 0.7% per year over the last ten years. Payroll for covered members (without regard to the pay caps) has grown an average of 1.0% over the last five years, and it has grown at an average of 2.6% over the last ten years.

Over the last decade, the active group has slowly gotten older. As shown in Table 5b, the average active member is now 46.1 years old and the average age for the active group has increased 0.8 years during the last ten years. During the same period, the average tenure of members has decreased 0.1 years.

Development of Employer Cost

	June 30, 2013	June 30, 2012
1. Payroll		
a. Supplied by System	$ 3,933,056,084	$ 3,924,843,696
b. Adjusted for one year's pay increase	4,124,997,995	4,115,426,522
2. Present value of future pay	$ 33,933,352,318	$ 33,812,561,201
3. Normal cost rate		
a. Total normal cost rate	9.81%	9.81%
b. Less: member rate	-7.00%	-7.00%
c. Employer normal cost rate	2.81%	2.81%
4. Actuarial accrued liability for active members		
a. Present value of future benefits for active members	$ 11,517,150,071	$ 11,647,055,394
b. Less: present value of future employer normal costs (Item 3c * Item 2)	(953,527,200)	(950,132,970)
c. Less: present value of future member contributions	(2,375,334,662)	(2,366,879,284)
d. Actuarial accrued liability	$ 8,188,288,209	$ 8,330,043,140
5. Total actuarial accrued liability for:		
a. Retirees and beneficiaries	$ 10,315,563,009	$ 9,814,225,280
b. Inactive members	469,315,521	443,774,018
c. Active members (Item 4d)	8,188,288,209	8,330,043,140
d. Total	$ 18,973,166,739	$ 18,588,042,438
6. Actuarial value of assets	$ 10,861,057,537	$ 10,190,480,780
7. Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	$ 8,112,109,202	$ 8,397,561,658
8. Funding period based on statutory contribution rates (years)	17	22
9. GASB 25 ARC		
a. Employer normal cost (Item 1b * 3c)	$ 115,912,444	$ 115,643,485
b. Level % 30-year amortization of UAAL	487,024,522	504,162,155
c. Total	$ 602,936,966	$ 619,805,640
d. Contributions as percentage of payroll	14.62%	15.06%

Actuarial Present Value of Future Benefits

		June 30, 2013	June 30, 2012
1.	Active members		
	a. Service retirement benefits	$ 10,212,242,279	$ 10,349,435,032
	b. Deferred termination benefits	485,340,354	478,088,259
	c. Refunds	25,678,256	24,323,023
	d. Death benefits	157,459,622	156,895,297
	e. Disability retirement benefits	269,029,885	270,144,707
	f. Supplemental medical insurance	335,743,469	336,903,102
	g. $5,000 post-retirement death benefit	31,656,206	31,265,974
	h. Total	$ 11,517,150,071	$ 11,647,055,394
2.	Retired members		
	a. Service retirements	$ 9,206,886,891	$ 8,746,702,421
	b. Disability retirements	156,497,598	151,392,878
	c. Beneficiaries	329,518,806	311,261,043
	d. Supplemental medical insurance	534,255,643	519,955,322
	e. $5,000 post-retirement death benefit	88,404,071	84,913,616
	f. Total	$ 10,315,563,009	$ 9,814,225,280
3.	Inactive members		
	a. Vested terminations	$ 398,875,341	$ 377,821,804
	b. Nonvested terminations	36,823,556	32,341,977
	c. Suspense fund	33,616,624	33,610,237
	d. Total	$ 469,315,521	$ 443,774,018
4.	Total actuarial present value of future benefits	$ 22,302,028,601	$ 21,905,054,692

Analysis of Normal Cost

		June 30, 2013	June 30, 2012
1.	Gross normal cost rate		
	a. Retirement benefits	7.08%	7.08%
	b. Deferred termination benefits	1.49%	1.49%
	c. Refunds	0.63%	0.63%
	d. Supplemental medical insurance	0.20%	0.20%
	e. $5,000 Post-retirement death benefits	0.04%	0.04%
	f. Death Benefits	0.07%	0.07%
	g. Disability retirement benefits	0.30%	0.30%
	h. Total	9.81%	9.81%
2.	Less: member rate	7.00%	7.00%
3.	Employer normal cost rate	2.81%	2.81%

Schedule of Funding Progress
(As required by GASB #25)

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
June 30, 1999	$4,708.0	$9,458.6	$4,750.5	49.8%	$2,648.4	179.4%
June 30, 2000	$5,373.5	$10,009.2	$4,635.7	53.7%	$2,738.3	169.3%
June 30, 2001	$5,959.0	$11,591.1	$5,632.1	51.4%	$2,990.5	188.3%
June 30, 2002	$6,310.9	$12,275.9	$5,965.0	51.4%	$3,047.1	195.8%
June 30, 2003	$6,436.9	$11,925.2	$5,488.3	54.0%	$3,045.7	180.2%
June 30, 2004	$6,660.9	$14,080.1	$7,419.2	47.3%	$3,030.7	244.8%
June 30, 2005	$6,952.7	$14,052.4	$7,099.7	49.5%	$3,175.2	223.6%
June 30, 2006	$7,470.4	$15,143.4	$7,672.9	49.3%	$3,354.9	228.7%
June 30, 2007	$8,421.9	$16,024.4	$7,602.5	52.6%	$3,598.9	211.2%
June 30, 2008	$9,256.8	$18,346.9	$9,090.1	50.5%	$3,751.4	242.3%
June 30, 2009	$9,439.0	$18,950.9	$9,512.0	49.8%	$3,807.9	249.8%
June 30, 2010	$9,566.7	$19,980.6	$10,414.0	47.9%	$3,854.8	270.2%
June 30, 2011	$9,960.6	$17,560.8	$7,600.2	56.7%	$3,773.3	201.4%
June 30, 2012	$10,190.5	$18,588.0	$8,397.6	54.8%	$3,924.8	214.0%
June 30, 2013	$10,861.1	$18,973.2	$8,112.1	57.2%	$3,933.1	206.3%

Note : Dollar amounts in millions

Schedule of Employer Contributions
(As required by GASB #25)

Year Ending June 30,	Annual Required Contribution	Percentage Contributed
1999	$456,864,002	53.5%
2000	$455,265,033	60.6%
2001	$451,463,258	72.7%
2002	$556,201,571	65.6%
2003	$585,168,488	61.9%
2004	$534,811,845	70.2%
2005	$722,095,783	56.2%
2006	$535,228,038	85.8%
2007	$575,745,142	93.1%
2008	$590,495,652	101.1%
2009	$714,367,558	86.6%
2010	$742,286,289	83.6%
2011	$822,419,996	77.6%
2012	$588,287,377	115.9%
2013	$619,805,640	113.1%

Notes to Required Supplementary Information
(as required by GASB #25)

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll, open period
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return *	8.00%
Projected salary increase *	4.00% to 12.00%
* Includes inflation at:	3.00%
Cost of living adjustment	0.00%

Membership Data

		June 30, 2013 (1)	June 30, 2012 (2)
1.	Active members		
	a. Number	89,333	87,778
	b. Total payroll supplied by System	$ 3,933,056,084	$ 3,924,843,696
	c. Average salary	$ 44,027	$ 44,713
	d. Average age	46.1	46.2
	e. Average service	11.4	11.6
2.	Vested inactive members		
	a. Number	9,120	8,687
	b. Total annual deferred benefits[1]	$ 70,996,529	$ 66,828,301
	c. Average annual deferred benefit	$ 7,785	$ 7,693
3.	Nonvested inactive members		
	a. Number	8,926	8,564
	b. Member contributions with interest due	$ 36,823,556	$ 32,341,977
	c. Average refund due	$ 4,125	$ 3,777
4.	Service retirees		
	a. Number	50,318 [2]	48,613
	b. Total annual benefits[1]	$ 981,884,492	$ 931,329,125
	c. Average annual benefit	$ 19,514	$ 19,158
5.	Disabled retirees		
	a. Number	1,630	1,603
	b. Total annual benefits[1]	$ 18,526,141	$ 18,055,036
	c. Average annual benefit	$ 11,366	$ 11,263
6.	Beneficiaries and spouses		
	a. Number	2,633	2,500
	b. Total annual benefits[1]	$ 41,905,283	$ 39,282,025
	c. Average annual benefit	$ 15,915	$ 15,713

[1] Benefit amounts exclude the supplemental medical insurance payment.
[2] Includes nine special retirees with an average annual benefit of 2,339.

Historical Summary of Active Member Data

	Active Members		Covered Payroll		Average Salary			
Valuation as of June 30,	Number	Percent Increase	Amount in $ Millions	Percent Increase	$ Amount	Percent Increase	Average Age	Average Service
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1994	76,280	0.9%	$2,190	3.2%	$28,704	2.3%	43.6	10.8
1995	79,044	3.6%	2,336	6.7%	29,555	3.0%	43.6	10.7
1996	78,942	-0.1%	2,375	1.7%	30,091	1.8%	44.0	11.1
1997	79,510	0.7%	2,429	2.3%	30,546	1.5%	44.2	11.2
1998	80,578	1.3%	2,538	4.5%	31,493	3.1%	44.3	11.2
1999	81,851	1.6%	2,648	4.3%	32,356	2.7%	44.4	11.2
2000	83,024	1.4%	2,738	3.4%	32,982	1.9%	44.5	11.0
2001	84,387	1.6%	2,991	9.2%	35,438	7.4%	44.7	11.0
2002	85,366	1.2%	3,047	1.9%	35,695	0.7%	44.9	11.1
2003	83,127	-2.6%	3,046	0.0%	36,639	2.6%	45.3	11.5
2004	81,683	-1.7%	3,031	-0.5%	37,104	1.3%	45.6	11.8
2005	84,286	3.2%	3,175	4.8%	37,671	1.5%	45.6	11.6
2006	87,194	3.5%	3,355	5.7%	38,476	2.1%	45.7	11.6
2007	88,133	1.1%	3,599	7.3%	40,835	6.1%	45.8	11.5
2008	88,678	0.6%	3,751	4.2%	42,304	3.6%	45.9	11.5
2009	89,388	0.8%	3,808	1.5%	42,600	0.7%	46.0	11.5
2010	89,896	0.6%	3,855	1.2%	42,880	0.7%	46.0	11.5
2011	88,085	-2.0%	3,773	-2.1%	42,837	-0.1%	46.2	11.7
2012	87,778	-0.3%	3,925	4.0%	44,713	4.4%	46.2	11.6
2013	89,333	1.8%	3,933	0.2%	44,027	-1.5%	46.1	11.4

Reconciliation of Plan Net Assets

	Year Ending June 30, 2013 (1)	Year Ending June 30, 2012 (2)
1. Market value of assets at beginning of year, net of Deposit Fund		
a. Value reported in prior valuation	$ 10,194,735,564	$ 10,156,357,170
b. Prior period adjustments	1	0
c. Revised value	$ 10,194,735,565	$ 10,156,357,170
2. Revenue for the year		
a. Contributions		
i. Member contributions, including state credit	$ 290,044,395	$ 291,385,506
ii. Grant matching funds	26,995,423	23,188,952
iii. State contribution	300,509,886	281,806,711
iv. Employer/district contributions	373,472,176	376,635,234
v. Total	$ 991,021,880	$ 973,016,403
b. Net investment earnings		
i. Interest, dividends and other income	$ 330,187,539	$ 317,343,332
ii. Net appreciation/(depreciation)	1,458,244,438	(144,717,179)
iii. Less: investment expenses	(36,139,215)	(34,781,988)
iv. Net investment earnings	$ 1,752,292,762	$ 137,844,165
c. Total revenue	$ 2,743,314,642	$ 1,110,860,568
3. Expenditures for the year		
a. Refunds	28,894,193	$ 32,076,398
b. Benefit payments, including insurance payments	1,095,066,206	1,036,132,587
c. Administrative expenses	4,156,867	4,273,189
d. Total expenditures	1,128,117,266	$ 1,072,482,174
4. Increase in net assets (Item 2 - Item 3)	$ 1,615,197,376	$ 38,378,394
5. Market value of assets at end of year, net of Deposit Fund (Item 1 + Item 4)	$ 11,809,932,941	$ 10,194,735,564

Development of Actuarial Value of Assets

		Year Ending June 30, 2013
1.	Market value of assets at beginning of year	$ 10,194,735,565
2.	Net new investments	
	a. Contributions	$ 991,021,880
	b. Benefits paid	(1,095,066,206)
	c. Refunds	(28,894,193)
	d. Subtotal	(132,938,519)
3.	Market value of assets at end of year	$ 11,809,932,941
4.	Net earnings (3-1-2)	$ 1,748,135,895
5.	Assumed investment return rate	8.00%
6.	Expected return	$ 810,261,304
7.	Excess return (4-6)	$ 937,874,591

8. Excess return on assets for last four years :

	Period End (1)	Excess Return (2)	Percent Deferred (3)	Deferred Amount (4)
a.	June 30, 2010	580,645,694	20%	$ 116,129,139
b.	June 30, 2011	1,218,811,320	40%	487,524,528
c.	June 30, 2012	(675,129,894)	60%	(405,077,936)
d.	June 30, 2013	937,874,591	80%	750,299,673
				$ 948,875,404

9.	Actuarial value of assets (Item 3 - Item 8)	$ 10,861,057,537
10.	Actuarial value as percentage of market value	92.0%

Estimation of Yields

	Year Ending June 30, 2013 (1)	Year Ending June 30, 2012 (2)
A. Market value yield		
1. Beginning of year market assets	$ 10,194,735,565	$ 10,156,357,170
2. Net investment income (including realized and unrealized gains and losses)	$ 1,748,135,895	$ 133,570,976
3. End of year market assets	$ 11,809,932,941	$ 10,194,735,564
4. Estimated dollar weighted market value yield	17.3%	1.3%
B. Actuarial value yield		
1. Beginning of year actuarial assets	$ 10,190,480,780	$ 9,960,576,151
2. Actuarial return	$ 803,515,276	$ 325,097,211
3. End of year actuarial assets	$ 10,861,057,537	$ 10,190,480,780
4. Estimated actuarial value yield	7.9%	3.3%

History of Investment Return Rates

Year Ending June 30 of	Market	Actuarial
(1)	(2)	(3)
1994	2.0%	6.5%
1995	14.9%	11.2%
1996	14.6%	11.6%
1997	20.9%	13.5%
1998	21.4%	15.8%
1999	11.9%	17.1%
2000	10.5%	15.5%
2001	-2.3%	11.4%
2002	-5.4%	5.8%
2003	4.8%	2.9%
2004	20.2%	4.6%
2005	10.0%	5.7%
2006	9.4%	8.2%
2007	18.0%	12.4%
2008	-7.5%	9.4%
2009	-16.2%	2.0%
2010	16.1%	1.7%
2011	22.7%	5.0%
2012	1.3%	3.3%
2013	17.3%	7.9%
Average Returns		
Last Five Years:	7.2%	4.0%
Last Ten Years:	8.4%	6.0%
Last Fifteen Years:	6.8%	7.4%
Last Twenty Years:	8.7%	8.5%

History of Cash Flow

		Distributions and Expenditures						
Year Ending June 30,	Contributions	Benefit Payments	Refunds	Administrative Expenses	Total	External Cash Flow for the Year[1]	Market Value of Assets	External Cash Flow as Percent of Market Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2004	608.4	(647.3)	(33.7)	(3.9)	(684.9)	(76.5)	6,666	-1.1%
2005	640.8	(701.9)	(26.8)	(4.2)	(732.9)	(92.1)	7,238	-1.3%
2006	708.4	(727.4)	(30.9)	(4.4)	(762.7)	(54.3)	7,859	-0.7%
2007	821.3	(767.2)	(33.8)	(4.5)	(805.5)	15.8	9,293	0.2%
2008	883.6	(806.5)	(35.3)	(4.8)	(846.6)	37.0	8,634	0.4%
2009	906.9	(876.3)	(32.1)	(5.2)	(913.6)	(6.7)	7,227	-0.1%
2010	910.9	(912.9)	(30.4)	(5.0)	(948.3)	(37.4)	8,352	-0.4%
2011	925.1	(969.3)	(35.2)	(4.7)	(1,009.2)	(84.1)	10,156	-0.8%
2012	973.0	(1,036.1)	(32.1)	(4.3)	(1,072.5)	(99.5)	10,195	-1.0%
2013	991.0	(1,095.1)	(28.9)	(4.2)	(1,128.2)	(137.2)	11,810	-1.2%

Dollar amounts in millions

[1] Column (7) = Column (2) + Column (6).

Investment Experience Gain or Loss

Item	Year Ending June 30, 2013	Year Ending June 30, 2012
(1)	(2)	(3)
1. Actuarial assets, beginning of year	$ 10,190,480,780	$ 9,960,576,151
2. Contributions during year	$ 991,021,880	$ 973,016,403
3. Benefits and refunds paid	$ (1,123,960,399)	$ (1,068,208,985)
4. Assumed net investment income at 8%:		
a. Beginning of year assets	$ 815,238,462	$ 796,846,092
b. Contributions	39,640,875	38,920,656
c. Benefits and refunds paid	(44,958,416)	(42,728,359)
d. Total	$ 809,920,921	$ 793,038,389
5. Expected actuarial assets, end of year (Sum of Items 1 through 4)	$ 10,867,463,182	$ 10,658,421,958
6. Actual actuarial assets, end of year	$ 10,861,057,537	$ 10,190,480,780
7. Asset gain (loss) for year (Item 6 - Item 5)	$ (6,405,645)	$ (467,941,178)

Total Experience Gain or Loss

Item	Year Ending June 30, 2013	Year Ending June 30, 2012
(1)	(2)	(3)
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	$ 8,397,561,658	$ 7,600,178,301
2. Normal cost for the year (employer and employee)	$ 403,723,342	$ 407,415,536
3. Less: total contributions for the year	$ (991,021,880)	$ (973,016,403)
4. Interest at 8%:		
a. On UAAL	$ 671,804,933	$ 608,014,264
b. On normal cost	16,148,934	16,296,621
c. On contributions	(39,640,875)	(38,920,656)
d. Total	$ 648,312,992	$ 585,390,229
5. Expected UAAL (Sum of Items 1 through 4)	$ 8,458,576,112	$ 7,619,967,663
6. Actual UAAL	$ 8,112,109,202	$ 8,397,561,658
7. Total gain (loss) for the year (Item 5 - Item 6)	$ 346,466,910	$ (777,593,995)
B. Source of gains and losses		
8. Asset gain (loss) for the year	$ (6,405,645)	$ (467,941,178)
9. Liability gain (loss) for the year	352,872,555	(179,657,156)
10. Ad hoc COLA granted different than assumed	0	0
11. Impact of changes in actuarial assumptions and methods	0	0
12. Impact of legislative changes	0	(129,995,661)
13. Total	$ 346,466,910	$ (777,593,995)

Analysis of Change in Unfunded Actuarial Accrued Liability (UAAL)

Basis	June 30, 2013 UAAL (in $ Millions)	June 30, 2012 UAAL (in $ Millions)
(1)	(2)	(3)
1. From prior valuation	$ 8,397.6	$ 7,600.2
2. Impact of changes, gains and losses		
a. Expected increase based on expected contributions and passage of time	55.9	65.2
b. Liability (gain)/loss	(352.9)	179.7
c. Asset (gain)/loss	6.4	467.9
d. Impact of actual contributions (more)/less than expected under schedule	5.1	(45.4)
e. Ad hoc COLA granted different than assumed	0.0	0.0
f. Impact of changes in actuarial assumptions and methods	0.0	0.0
g. Legislative changes	0.0	130.0
h. Total	(285.5)	797.4
3. Current UAAL (1+2h)	$ 8,112.1	$ 8,397.6

Columns may not total due to rounding

Analysis of Change in GASB ARC

Basis (1)	June 30, 2013 GASB ARC (Percent of Pay) (2)	June 30, 2012 GASB ARC (Percent of Pay) (3)
1. Prior Valuation GASB 25 Contribution as a percentage of payroll	15.06%	14.87%
2. Increases/(Decreases) due to:		
a. Expected increase based on expected contributions	(0.33%)	(0.33%)
b. Ad hoc COLA granted different than assumed	0.00%	0.00%
c. Impact of changes in actuarial assumptions and methods	0.00%	0.00%
d. Legislative changes	0.00%	(0.30%)
e. Asset (gain)/loss	0.01%	0.68%
f. All other plan experience: liability (gain) or loss, differences between actual and expected payroll, differences between actual and expected contributions, etc.	(0.12%)	0.14%
g. Total	(0.44%)	0.19%
3. Current GASB 25 Contribution as a percentage of payroll	14.62%	15.06%

Projection of UAAL

Valuation Date	UAAL (Millions)
(1)	(2)
June 30, 2013	$ 8,112.1
June 30, 2014	7,664.0
June 30, 2015	7,306.7
June 30, 2016	7,163.4
June 30, 2017	6,852.1
June 30, 2018	6,691.4
June 30, 2019	6,489.9
June 30, 2020	6,242.9
June 30, 2021	5,945.4
June 30, 2022	5,591.8
June 30, 2023	5,176.6
June 30, 2024	4,693.3
June 30, 2025	4,134.9
June 30, 2026	3,494.2
June 30, 2027	2,763.0
June 30, 2028	1,932.7
June 30, 2029	993.8
June 30, 2030	(64.4)

Solvency Test

Actuarial Accrued Liability and Percent of Active Member Payroll for:

	Accumulated Member Contributions Including Interest		Retirees and Beneficiaries Currently Receiving Benefits		Terminated Employees Not Yet Receiving Benefits		Employer Financed Portion of Vested and Nonvested Benefits			Portion of Accrued Liabilities Covered by Assets			
June 30,	(1)	% of Payroll	(2)	% of Payroll	(3)	% of Payroll	(4)	% of Payroll	Actuarial Value of Assets	(1)	(2)	(3)	(4)
2004	$ 3,212.9	106%	$ 6,899.0	228%	$ 284.7	9%	$ 3,683.6	122%	$ 6,660.9	100%	50%	0%	0%
2005	3,381.7	107%	7,046.5	222%	301.4	9%	3,322.9	105%	6,952.7	100%	51%	0%	0%
2006	3,853.7	115%	7,340.0	219%	314.3	9%	3,635.3	108%	7,470.4	100%	51%	0%	0%
2007	4,057.5	113%	7,730.3	215%	331.6	9%	3,905.0	109%	8,421.9	100%	56%	0%	0%
2008	4,323.0	115%	8,919.6	238%	370.1	10%	4,734.2	126%	9,256.8	100%	55%	0%	0%
2009	4,563.9	120%	9,312.4	245%	398.1	10%	4,676.6	123%	9,439.0	100%	52%	0%	0%
2010	4,743.9	123%	10,216.3	265%	419.2	11%	4,601.2	119%	9,566.7	100%	47%	0%	0%
2011	4,931.4	131%	9,316.6	247%	379.9	10%	2,932.9	78%	9,960.6	100%	54%	0%	0%
2012	5,087.4	130%	9,814.2	250%	443.8	11%	3,242.6	83%	10,190.5	100%	52%	0%	0%
2013	5,252.6	134%	10,315.6	262%	469.3	12%	2,935.7	75%	10,861.1	100%	54%	0%	0%

Note: Dollar amounts in millions

Distribution of Active Members by Age and by Years of Service

	Years of Credited Service												
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	Total
Attained Age	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.
Under 25	308	978	314	36	20	3	0	0	0	0	0	0	1,659
	$30,920	$29,876	$29,950	$22,579	$24,097	$29,686	$0	$0	$0	$0	$0	$0	$29,856
25-29	401	1,888	1,709	978	973	1,212	4	0	0	0	0	0	7,165
	$32,297	$31,593	$33,389	$35,601	$36,068	$36,236	$45,232	$0	$0	$0	$0	$0	$34,008
30-34	275	1,151	993	675	781	4,548	598	5	0	0	0	0	9,026
	$31,861	$31,040	$33,523	$35,632	$36,954	$39,293	$42,539	$45,643	$0	$0	$0	$0	$37,122
35-39	209	914	804	554	634	3,288	2,887	548	0	0	0	0	9,838
	$30,603	$29,730	$33,754	$35,795	$36,956	$40,401	$46,098	$49,220	$0	$0	$0	$0	$40,340
40-44	219	799	783	594	672	3,151	2,457	2,744	608	5	0	0	12,032
	$29,971	$28,922	$31,796	$35,678	$36,045	$39,632	$48,890	$50,938	$52,685	$67,663	$0	$0	$42,979
45-49	141	647	589	432	509	2,650	2,149	1,810	2,326	485	4	0	11,742
	$31,007	$29,247	$31,767	$33,104	$34,833	$38,037	$47,624	$53,498	$55,140	$55,912	$50,936	$0	$45,102
50-54	157	565	579	406	465	2,573	2,274	2,010	1,984	1,881	530	2	13,426
	$34,200	$31,141	$32,688	$33,693	$34,634	$37,435	$46,159	$51,249	$55,471	$58,088	$61,431	$51,893	$46,771
55-59	119	448	454	322	342	2,021	1,837	1,930	1,945	1,204	1,411	357	12,390
	$34,242	$31,547	$35,956	$33,062	$35,441	$37,849	$45,537	$48,871	$53,817	$61,922	$63,124	$67,275	$48,755
60-64	67	257	236	215	255	1,312	1,202	1,207	1,252	913	693	839	8,448
	$32,151	$27,772	$35,225	$36,509	$32,727	$39,265	$47,161	$49,848	$53,204	$61,384	$72,575	$68,918	$51,248
65 & Over	28	137	117	91	112	632	515	454	467	377	236	441	3,607
	$23,262	$21,937	$26,723	$24,429	$28,114	$35,082	$45,901	$56,341	$56,576	$66,838	$82,341	$94,440	$54,407
Total	1,924	7,784	6,578	4,303	4,763	21,390	13,923	10,708	8,582	4,865	2,874	1,639	89,333
	$31,610	$30,276	$33,017	$34,721	$35,595	$38,697	$46,693	$51,072	$54,538	$60,126	$66,652	$75,407	$44,027

Summary of Plan Provisions

1. Effective Date: July 1, 1943.

2. Plan Year: Twelve-month period ending June 30th.

3. Administration: The Teachers' Retirement System of Oklahoma is administered by a Board of Trustees, which is responsible for administration of the System and investment of System assets. Three members serve ex officio, while a total of ten others are appointed by the Governor (six), the President of the Senate (two), and the Speaker of the House (two), according to various guidelines.

4. Type of Plan: The System is a qualified governmental defined benefit retirement plan. For GASB purposes, it is a cost-sharing multiple-employer PERS.

5. Eligibility: All employees of any public school in Oklahoma, including public colleges and universities, are eligible to participate in the System. Classified personnel (teachers, supervisors, principals, registered school nurses, administrators, etc.) are required to participate, beginning at their date of employment. Non-classified employees (all other employees, such as drivers, secretaries, janitors, cooks, etc.) may, but are not required to, participate. Certain other State employees, such as employees of the System itself, participate in the System. Beginning July 1, 2004, new employees hired by the comprehensive universities (Oklahoma University, the Health Sciences Center, and Oklahoma State University) may elect to join an alternate plan provided by the universities in lieu of joining OTRS. The election to join the alternate plan is irrevocable.

6. Maximum Pay: Prior to July 1, 1995, contributions under this System were based on pay up to a maximum dollar amount. Members could choose between a $40,000 maximum and a $25,000 maximum. The member's Final Average Compensation was limited by this same maximum, so the member's election affected both benefits and contributions.

The maximum was removed for most members effective July 1, 1995. It no longer applies in determining the required member and employer contributions. It does still have an impact, however. As noted below, benefits based on service earned before July 1, 1995 are limited by the $40,000 or $25,000 maximum, whichever was elected. This cap may be modified for members in the Education Employees Service Incentive Plan (EESIP). See Item 22 below discussing the EESIP provisions.

In addition, the cap on salary continued to apply after June 30, 1995 to members employed by one of the comprehensive universities who entered the System before July 1, 1995. The cap on salary for contribution purposes is shown in the schedule below. All caps were removed effective July 1, 2007.

	Elected $40,000 Maximum	Elected $25,000 Maximum
1995/1996	$44,000	$27,500
1996/1997	49,000	32,500
1997/1998	54,000	37,500
1998/1999	59,000	42,500
1999/2000	59,000	42,500
2000/2001	64,000	47,500
2001/2002	69,000	52,500
2002/2003	74,000	57,500
2003/2004	79,000	62,500
2004/2005	84,000	67,500
2005/2006	89,000	72,500
2006/2007	94,000	77,500
Thereafter	No limit	No limit

Benefits for the members employed by the comprehensive universities, except for those hired on or after July 1, 1995, are limited by the pay caps for the period before July 1, 2007.

7. Member Contributions: Generally, active members contribute 7.00% of all compensation to the System. A school district may pay all or part of the contribution for its employees.

8. Employer Contributions: Employers are required to contribute a fixed percentage of pay on behalf of active members. The employer contribution rate is now applied to all pay, although historically the rate was not applied to pay above the cap on salary.

The employer contribution rate for years from July 1, 2002 through December 31, 2006 was 7.05% of covered salary. Effective January 1, 2007, the employer contribution rate paid by all employers covered by the EESIP increased to 7.60%. This rate then increased to 7.85% effective July 1, 2007, 8.35% effective January 1, 2008, 8.50% effective July 1, 2008, 9.00% effective January 1, 2009, and 9.50% effective January 1, 2010. For employers not covered by the EESIP—the comprehensive and regional four-year universities—the rate increased to 7.55% effective January 1, 2008, 8.05% effective January 1, 2009, and 8.55% effective January 1, 2010.

In addition, the State of Oklahoma contributes 5.00% percent of revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The 5.00% rate became effective on July 1, 2007. The rates are shown in the following schedule on the next page.

Fiscal Year	State Contribution Percentage
FY 2003	3.54%
FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.00%
FY 2007	4.50%
FY 2008	5.00%
Thereafter	5.00%

Beginning in FY 2006, the State also contributes 5.00% of lottery proceeds.

If a member's salary is paid from federal funds or certain grant money, an additional contribution (the grant matching contribution) is required. The matching contribution rate is set by the Board of Trustees annually, and is intended to approximate the State's contribution, expressed as a percentage of non federal/grant salaries.

Fiscal Year	Federal/Grant Contribution Percentage
FY 2003	5.00%
FY 2004	4.50%
FY 2005	4.50%
FY 2006	5.00%
FY 2007	7.00%
FY 2008	7.00%
FY 2009	7.50%
FY 2010	7.50%
FY 2011	6.50%
FY 2012	7.00%
FY 2013	8.00%
FY 2014	8.25%

9. Service: Employees receive credit for a year of service if they are contributing members for at least six months within one school year. For service performed on or after July 1, 2013, fractional service will be awarded for less than full-time employment performed during the contract year. Fractional service credit will be added together and the resulting sum will be included in the retirement formula calculations.

Credit may also be granted for service prior to the System's effective date, and non-classified employees can purchase credit for their prior service once they have joined the System. Credit is also available for some out-of-state and military service under certain circumstances.

Finally, members receive a year of service credit if they have accumulated 120 days of unused sick leave at termination. As of August 1, 2012, if a member has less than 120 days of unused sick leave at termination, additional service credit for sick leave days shall be equal to the number of unused sick leave days divided by 120 days.

10. Final Average Compensation (FAC): The average of the member's compensation for the three or five years on which the highest contributions are paid. For persons becoming members before July 1, 1992, the averaging period is three years. For other members, the averaging period is five years. For service prior to July 1, 1995, the FAC is limited to $40,000 or $25,000, depending on the member's election and participation in the EESIP as discussed in Item 6 above and in Item 22.

11. Normal Retirement

a. Eligibility: A member is eligible to retire and receive a Normal Retirement benefit if (i) the member is at least age 62 and has credit for five or more years of service, or (ii) the sum of the member's age and service is at least 80 (Rule of 80). For members joining after June 30, 1992, a "Rule of 90" is used instead of the "Rule of 80". Members joining after October 31, 2011 are eligible if (i) the member is at least age 65 and has credit for five or more years of service, or (ii) the member is at least age 60 and meets the "Rule of 90".

b. Monthly Benefit: 2% of FAC (limited to $40,000 or $25,000, as appropriate) times years of service prior to July 1, 1995, plus 2% of FAC (unlimited) times years of service after June 30, 1995. Special provisions apply to members covered by the EESIP (see Item 22 below). Other special provisions apply to higher education members for service during the period July 1, 1995 through June 30, 2007 if their pay in any year in this period exceeded the applicable maximum. Monthly benefits are equal to one-twelfth of the calculated amount.

c. Payment Form: Benefits are paid as a monthly life annuity, with a guarantee that if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump-sum to the member's beneficiary. Optional forms of payment are available; see below.

12. Early Retirement

a. Eligibility: A member is eligible to retire early if the member is at least age 55 and has credit for five or more years of service, or at any age after 30 years of service. For members joining after October 31, 2011, a member is eligible to retire early if the member is at least age 60 and has credit for five or more years of service.

b. Monthly Benefit: The Normal Retirement benefit (based on current years of service) multiplied by the applicable early retirement factor below.

c. Early Retirement Factor:

Retirement Age	Actuarial Equivalent Factors for Members Joining before November 1, 2011	Statutory Factors for Members Joining after October 31, 2011
65 or later	1.000000	1.00
64	1.000000	0.93
63	1.000000	0.86
62	1.000000	0.80
61	0.907808	0.73
60	0.825271	0.65
59	0.751219	N/A
58	0.684644	N/A
57	0.624673	N/A
56	0.570554	N/A
55	0.521634	N/A
54	0.477344	N/A
53	0.437186	N/A
52	0.400720	N/A
51	0.367562	N/A
50	0.337374	N/A

d. Payment Form: Same as for Normal Retirement above.

13. Disability Retirement

a. Eligibility: A member is eligible provided (i) he/she has credit for at least 10 years of service and (ii) the disability is approved by the Medical Board appointed by the Board of Trustees.

b. Monthly Benefit: Same as for Normal Retirement above (based on current service).

c. Payment Form: The disability benefit commences immediately upon the member's retirement. Benefits are reduced or cease entirely upon recovery or reemployment prior to age 60. Disability benefits are payable as a monthly life annuity, with a guarantee that if the payments made do not exceed the sum of the member's accumulated contributions as of the date of retirement, the balance will be paid in a lump-sum to the member's beneficiary. A married, disabled member may elect a reduced benefit under the Joint & 100% Survivor option (with pop up) form of payments (Option 2 described in Item 17 below).

14. Vested Termination Benefit

a. Eligibility: A member with at least 5 years of service who does not withdraw his/her contributions from the fund is eligible for a vested termination benefit.

b. Monthly Benefit: Same as for Normal Retirement above (based on current service). If benefits commence prior to age 62 (age 65 for members joining after October 31, 2011), they may be reduced for Early Retirement above.

c. Payment Form: Same as for Normal Retirement above.

15. Withdrawal (Refund) Benefit

a. Eligibility: All members leaving covered employment with less than 5 years of service for a reason other than the member's death. Optionally, members eligible for other benefits may withdraw their contributions in lieu of the regular benefits due.

b. Benefit: The member who withdraws receives a lump-sum payment of his/her employee contributions, plus a portion of the interest credited by the System on these contributions. Interest is credited at an annual rate of 8%. The portion of the interest paid on termination depends on the member's years of service as follows:

Years of Service	Percent of Interest Refunded
0-15	50%
16-21	60%
22-25	75%
26 or more	90%

16. Death in Service

a. Eligibility: Death must have occurred while an active member.

b. Benefit: Upon the death of an active member, a refund of the member's contributions and 100% of the interest credited is paid. In addition, a lump sum of $18,000 will be paid. If the member is eligible for retirement (early or normal) at the time of death, and the member is married, the spouse may elect to receive a monthly life annuity equal to the retirement benefit for which the member was eligible, reduced as though the member had elected to receive benefits under Option 2 (see below). This annuity is paid in lieu of both (i) the $18,000 lump-sum death benefit and (ii) the refund of contributions.

The spouse of an EESIP eligible member can elect to receive the enhanced benefit described under Item 22 below.

17. Optional Forms of Payment: There are optional forms of payment available on an actuarially equivalent basis, as follows:

a. Option 1 - A modified cash refund annuity payable for life with a guaranteed refund of the member's contributions and interest, less the total of the "annuity" payments paid. (The "annuity" payment is the portion of the monthly benefit provided by the member's own account balance.)

b. Option 2 - A joint life annuity payable while both the member and the joint annuitant are alive; and if the member dies before the joint annuitant, continuing without change to the joint annuitant; or if the joint annuitant dies before the member, "popping-up" to the original life annuity amount and continuing for the life of the member.

c. Option 3 - A joint life annuity payable while both the member and the joint annuitant are alive; and if the member dies before the joint annuitant, continuing at 50% of this amount for the joint annuitant's lifetime; or if the joint annuitant dies before the member, "popping-up" to the original life annuity amount and continuing for the life of the member.

d. Option 4 - A life annuity with a guarantee that if the member dies before 120 payments (10 years) have been made; the payments will be continued to the member's beneficiary for the balance of the ten-year period.

e. PLSO Option - A partial lump-sum option (PLSO) is allowed for those members with at least 30 years of service upon retirement. The amount of the PLSO is equal to 12, 24, or 36 times the member's monthly retirement benefit, determined before applying any reduction for the PLSO or any other optional form of payment. A member who elects to receive a PLSO will have his/her monthly retirement benefit reduced on an actuarial basis to compensate for the fact that a PLSO is provided. A member who elects a PLSO may elect any of the other optional forms of payment as well, taking a further reduction in the annuity amount.

Actuarial equivalence is based on tables adopted by the Board of Trustees.

18. Special Retirees: This is a group of retirees who have been granted a special $150 per month benefit although they did not fulfill the requirements for service retirement. With cost of living increases, the special retirees now average $195 per month.

19. <u>Supplemental Medical Insurance</u>

a. Eligibility: All retired members (including service retirees and disabled retirees but excluding the special retirees and spouses or beneficiaries) who have at least 10 years of service credit are eligible for a supplemental medical insurance payment.

b. Monthly Benefit: Eligible members receive the smaller of (i) a Medicare supplement benefit, if eligible, or (ii) an amount between $100 and $105 per month, depending on service and Final Average Compensation.

c. Payment Form: Benefits are payable as a life annuity on behalf of the retired member to (i) the Oklahoma Employees' Group Insurance Plan, if the member has health coverage under this Plan, or (ii) to the member's former employer, if the member retains health coverage under a plan maintained by the former employer.

20. <u>Post-retirement Death Benefit</u>

a. Eligibility: All retired members (including service retirees and disabled retirees but excluding the special retirees and spouses or beneficiaries) are eligible for a post-retirement death benefit.

b. Benefit: A lump-sum payment of $5,000.

21. <u>Cost-of-living Increase</u>: From time to time, the System has been amended to grant certain post-retirement benefit increases. However, the System has no automatic cost-of-living increase features.

22. <u>EESIP</u>: The Education Employees Service Incentive Plan (EESIP) was created in 2006. Active members are eligible for the EESIP if they have service prior to July 1, 1995, are active on or after July 1, 2006, and are not employed by one of the comprehensive or regional four-year universities.

The EESIP allows for two years of service prior to July 1, 1995 to be computed at an enhanced or eliminated cap for each year that the employee has worked beyond Normal Retirement Age at the time of retirement.

For each "uncapped" year, the $40,000 cap applicable to service before July 1, 1995 is increased to $60,000 for retirements in FY 2007, to $80,000 for retirements in FY 2008, and the cap is removed beginning July 1, 2008. The employee that elects the enhanced benefit must pay the accumulations, at 10% interest, of contributions that would have been required but for the cap then in place. Payment is required only for years FY 1988 through FY 1995 even if more than 8 years of service prior to July 1, 1995 are being "uncapped." Payment is required only for those years of service that are computed at an elevated or eliminated cap.

Contributions are required at the following rates for salary in excess of the $25,000 or $40,000 cap earned in years FY 1998 through FY 1995:

Fiscal Year	**Contribution Percentage**
FY 1995	8.00%
FY 1994	9.00%
FY 1993	11.00%
FY 1992	11.00%
FY 1991	11.00%
FY 1990	10.50%
FY 1989	10.00%
FY 1988	10.00%

For those members electing the enhanced benefit, the payment required is 50% of the accumulated balance in FY 2007, 75% of the accumulated balance in FY 2008 and 100% of the accumulated balance on or after FY 2009.

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History of Major Legislative Changes

1990 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries who had been receiving benefits for at least one year. Special retirees were not granted this increase. The increase was determined by adding an amount to the Final Average Compensation for the member, and then re-determining the benefit due. For classified members, the amount added was $950, while for non-classified members, the amount added was $475. In all cases, Final Average Compensation was capped at $40,000.

2. The local employer contribution rate was increased from 1.0% of covered compensation in accordance with the following schedule:

Year Beginning July 1	Local Employer Contribution Rate
(1)	(2)
1990	1.0%
1991	1.5%
1992	2.0%
1993	2.5%

1991 Legislative Session

No legislation enacted with an actuarial impact to the System.

1992 Legislative Session

SB 568 made the following changes:

- Increased employer rates (grading from 7% for 1992/1993 to 18% for 2004/2005) and changed State contributions to offset for employer contributions.
- Eliminated the salary cap effective July 1, 1995.
- Changed the member contribution rate to 7% (after July 1, 1997, phased in prior to that date).
- Changed the FAC averaging period to five years for new members.
- Eliminated the $18,000 death benefit (and the optional survivor annuity) for new members.

- Changed the formula to cap FAC with the member's pay cap for service prior to July 1, 1995.

- Changed the Rule of 80 to the Rule of 90 for new members.

1993 Legislative Session

SB 535 set forth a schedule which reduces the maximum payment for supplemental medical insurance from $75/month to an amount between $70 and $75 per month, depending on service and Final Average Compensation.

1994 Legislative Session

1. HB 2228 provided for an ad hoc COLA payable to members receiving benefits. The average increase is about 2.5%.

2. SB 768 changed the System's joint options to "pop-up" options. This change was and to $48,000 and $30,000 for 1996-97. The member contribution rate for these made for both current and future retirees. Under a pop-up option, if the joint annuitant predeceases the member, the member's benefit is increased to the amount it would have been if the member had elected a life only annuity.

3. SB 767 provided for the transfers of service credit between this System and the Oklahoma Public Employees Retirement System.

4. SB 615 provides that the local employer's contribution rate shall not be less than the local employer's contribution rate for the prior year.

1995 Legislative Session

SB 527 modified the provisions affecting members employed in higher education who became members prior to July 1, 1995. For these members, the $40,000 and $25,000 pay caps were left in place for two additional years, but were indexed to $44,000 and $27,500 for 1995-96 members was set to 6.0% for 1995-96 and 6.5% for 1996-97. The benefit provisions were also modified so that only pay up to the maximum would be recognized for these years. After June 30, 1997, these members will contribute 7% of total pay like all other members. In addition, SB 527 modified the SB 568 employer contribution rate schedule. The new employer rates are 50 basis points lower in each year until the rate reaches 18.00%.

1996 Legislative Session

SB 832 modified the provisions relating to (i) member contributions, (ii) maximum compensation, and (iii) the benefit formula, for members employed in higher education. Beginning July 1, 1995, all members will contribute on all pay, except for members employed by a comprehensive university who became a member before July 1, 1995, whose recognized compensation is limited to

	For members who elected the $25,000 limit prior to June 30, 1995	For all other members
1996-97	$32,500	$49,000
1997-98	37,500	54,000
1998-99	42,500	59,000
1999-00	47,500	64,000
2000-01	52,500	69,000
thereafter	no limit	no limit

Employer contributions will be based on the same compensation as member contributions. In 1996-98, member contributions will be 6.5% of pay up to $25,000 plus 7% of pay in excess of $25,000, up to the maximum recognized compensation. The benefit formula was also adjusted so that for service earned between July 1, 1995 and June 30, 2001, members in higher education have their benefits adjusted for the compensation limits.

1997 Legislative Session

The post-retirement death benefit was increased from $4,000 to $5,000.

1998 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries who had been receiving benefits for at least one year. The increase was determined by adding an amount to the Final Average Compensation for the member, and then redetermining the benefit due. For classified members, the amount added was $1,400, while for non-classified members, the amount added was $700. Special retirees received a 5.4% increase.

2. The funding mechanism was changed, eliminating the State's contribution of 78% of its Gross Production Tax receipts after the 1999 fiscal year and substituting a contribution based on a percentage of general revenue available for appropriation (95% of general revenue). The percentage is 3.25% for the fiscal year ending June 30, 2000, and 3.50% thereafter. The local employer's contribution rates were revised for years after the 1999 fiscal year as follows:

Year	Employer Rate
1999/2000	4.80%
2000/2001	5.80%
2001/2002	6.80%
Thereafter	7.05%

1999 Legislative Session

1. The pay caps applicable to certain members employed by one of the comprehensive universities were extended to FY 2007. The cap in effect for FY 1999 was left unchanged for FY 2000, and then will be increased $5,000 each year thereafter. This change affects both contributions and benefit calculations for these members.

2. The State's funding mechanism was changed again. Now the State's annual contribution will be 3.54% of certain specified sales and income tax revenues. This amount is subject to a $136.0 million maximum contribution for FY 2000 only.

2000 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries who had been receiving benefits for at least one year. The increase was determined by adding an amount to the Final Average Compensation for the member, and then redetermining the benefit due. For classified members, the amount added was $500, while for non-classified members, the amount added was $250. Special retirees received a 1.8% increase.

2. SB 994 set forth a schedule which increases the maximum payment for supplemental medical insurance by $30/month from an amount between $70 and $75 per month to an amount between $100 and $105 per month, depending on service and Final Average Compensation.

2001 Legislative Session

No legislation enacted with an actuarial impact to the System.

2002 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries, beginning July 1, 2002, if they had been receiving benefits for at least one year. Retirees were given a 3% increase if they had less than 30 years of credited service and a 4% increase if they had 30 or more years of credited service. Special retirees received a 3% increase.

2. The State's contribution is equal to a percentage of the State's revenue from certain sales and income taxes. The percentage is currently 3.54%, but a bill was passed to increase the percentage over the next five years to 5.00%, according to this schedule.

FY 2003	3.54%
FY 2004	3.54%
FY 2005	3.75%
FY 2006	4.00%
FY 2007	4.50%
FY 2008	5.00%

2003 Legislative Session

1. The service requirement for vesting was changed from ten years to five years. Under this provision, a member is now able to retire with an unreduced retirement benefit after reaching age 62 with credit for 5 or more years of service. A member who has reached age 55, but not age 62, with at least 5 years of service, is able to retire and receive a reduced retirement benefit. A member who has terminated before being eligible to retire, but who has at least 5 years of service, may elect a deferred retirement benefit in lieu of a refund. However, members must still have credit for at least 10 years of service in order to be eligible for a disability benefit or the medical insurance premium supplement.

2. Refunds for members who have less than seven years of service will receive their contributions plus 50% of the interest on their account. Previously members with less than seven years of service received no interest. Interest is computed at 8.00%

3. A partial lump-sum option (PLSO) was added. Members who retire with at least 30 years of service may elect a PLSO equal to 12, 24, or 36 times the member's monthly retirement benefit, determined before applying any reduction for the PLSO or any other optional form of payment. A member who elects to receive a PLSO will have his/her monthly retirement benefit reduced on an actuarial basis to compensate for the fact that a PLSO is provided.

4. Disabled members may now elect Option 2—the Joint & 100% Survivor option (with pop up).

2004 Legislative Session

1. An ad hoc benefit increase was granted to retirees and beneficiaries, beginning August 1, 2004, if they had retired on or before June 30, 2003. Special retirees received a 4.0% increase, and increases for other eligible retirees are as follows:

Years of Service	Monthly Benefit at 6/30/04	Benefit Increase
20 Years or more	Less than $1,500.00	4.5%
	$1,500.00 to $2,500.00	4.0%
	Over $2,500.00	3.5%
15 to 19 Years	Less than $1,000.00	4.0%
	$1,000.00 to $2,000.00	3.5%
	Greater than $2,000.00	3.0%
Fewer than 15 years	Less than $801.00	3.5%
	$801.00 to $1,499.99	3.0%
	$1,500.00 or greater	2.5%

2. Members who joined the System on or after July 1, 1992 receive a year of service credit if they have accumulated 120 days of unused sick leave. Previously, this additional service was only available to members hired prior to July 1, 1992.

3. Beneficiaries of members hired on or after July 1, 1992 are eligible to receive an $18,000 lump sum death benefit in addition the member's contribution balance with 100% of credited interest. If the member was eligible for early or normal retirement, the beneficiary may choose the retirement benefit for which the member was eligible in lieu of the contribution balance and $18,000 lump sum. Previously, the annuity option and $18,000 lump sum had only been available to members hired before July 1, 1992.

4. The benefit formula for members hired in FY 1996 at any of the colleges or universities in the Oklahoma State System of Higher Education is 2.0% of final average salary, computed at retirement, for each year of service. Previously, the formula was 2.0% of salary for service in FY 1996 plus 2.0% of final average salary, computed at retirement, for each year of service earned after June 30, 1996.

5. Employees hired by one of the comprehensive universities – Oklahoma University, the Health Sciences Center, and Oklahoma State University – after June 30, 2004 may make an irrevocable election to join an alternate plan established by the universities in lieu of becoming a member of OTRS.

6. The Board of Trustees is required to adopt an assumption as to the level of probable future ad hoc cost-of-living adjustments that will be granted by the legislature in the future.

7. The supplemental medical insurance credit is restricted to members who retire with at least 10 years of service credit.

8. The formula used to determine benefits accrued for service earned between July 1, 1995 and June 30, 2007, for members employed by a comprehensive university, is modified. Retirees who had service at a comprehensive university after June 30, 1995 will receive a benefit increase because of this formula change, effective as of January 1, 2005. No retroactive increase will be paid to such retirees.

9. Members who are employed by a comprehensive university before July 1, 2004 will be given a future opportunity to make a one-time irrevocable election to leave OTRS and join an alternative plan established by the universities. The timing of the election depends on if and when IRS approval is received.

10. The comprehensive universities will make additional contributions to OTRS on behalf of members in their alternative plan.

2005 Legislative Session

No legislation enacted with an actuarial impact to the System.

2006 Legislative Session

1. The Education Employees Service Incentive Plan (EESIP) was created:

   Active members are eligible for the EESIP if they have service prior to July 1, 1995, are active on or after July 1, 2006, and are not employed by one of the comprehensive or regional four-year universities.

   The EESIP allows for two years of service prior to July 1, 1995 to be computed at an enhanced or eliminated cap for each year that the employee has worked beyond Normal Retirement Age at the time of retirement.

   For each "uncapped" year, the $40,000 cap applicable to service before July 1, 1995 is increased to $60,000 for retirements in FY 2007, to $80,000 for retirements in FY 2008, and the cap is removed beginning July 1, 2008. The employee that elects the enhanced benefit must pay the accumulations, at 10% interest, of contributions that would have been required but for the cap then in place. Payment is required only for years FY 1988 through FY 1995 even if more than 8 years of service prior to July 1, 1995 are being "uncapped." Payment is required only for those years of service that are computed at an elevated or eliminated cap.

   For those members electing the enhanced benefit, the payment required is 50% of the accumulated balance in FY 2007, 75% of the accumulated balance in FY 2008 and 100% of the accumulated balance on or after FY 2009.

2. The employer contribution rate was increased for employers covered by the EESIP. The rate increased from 7.05% to 7.60% effective Jan. 1, 2007, and then to 7.85% for

FY 2008 and to 8.00% for FY 2009. The employer contribution rate for the employers not covered by the EESIP—the comprehensive and regional four-year universities—remained at 7.05%.

3. A 2.00% ad hoc cost-of-living adjustment (COLA) was provided, effective July 1, 2006. All retirees who retired before July 1, 2005 were eligible, including disabled retirees, special retirees and beneficiaries receiving payments.

2007 Legislative Session

The employer contribution rates, beginning July 1, 2007, were increased as shown in the following schedule. Different rates are paid by employers in the Education Employees Service Incentive Plan (EESIP) and those not in EESIP (the comprehensive and regional four-year universities):

	Employer Contribution Rates	
Period:	EESIP Employers	Non-EESIP Employers
7/1/2006 – 12/31/2006	7.05%	7.05%
1/1/2007 – 6/30/2007	7.60%	7.05%
7/1/2007 – 12/31/2007	7.85%	7.05%
1/1/2008 – 6/30/2008	8.35%	7.55%
7/1/2008 – 12/31/2008	8.50%	7.55%
1/1/2009 – 6/30/2009	9.00%	8.05%
7/1/2009 – 12/31/2009	9.00%	8.05%
1/1/2010 – 6/30/2010	9.50%	8.55%
FY 2011 and later	9.50%	8.55%

2008 Legislative Session

A 2.00% ad hoc cost-of-living adjustment (COLA) was provided, effective July 1, 2008. All retirees who retired before July 1, 2007 were eligible, including disabled retirees, special retirees and beneficiaries receiving payments.

2009 Legislative Session

No legislation enacted with an actuarial impact to the System.

2010 Legislative Session

1. HB 1935 allows a retiree electing one of the optional benefit forms (i.e. not life only) to make a one-time irrevocable change in the benefit option within 60 days of retirement. The beneficiary may not be changed.

2. SB 859 allows a retiree who chose a life annuity at retirement to change to Retirement Option 2 or 3 (100% joint survivor annuity and 50% joint survivor annuity respectively) within a year of marriage.

2011 Legislative Session

1. SB 377 changes the eligibility conditions for both normal and early retirement for members hired on or after November 1, 2011. Members will be eligible for normal retirement at the earlier of age 65 with 5 years of service or when their age plus service equals 90 (Rule of 90) with a minimum age of 60. Members will be eligible for early (reduced) retirement at age 60 with 5 years of service.

2. HB 2132 changes the definition of a nonfiscal retirement bill to exclude cost of living adjustments (COLA) even if such COLAs are assumed in the annual actuarial valuation.

3. SB 782 eliminates the requirement that statewide retirement systems report a second set of actuarial valuation results to the Oklahoma State Pension Commission using specified actuarial assumptions.

2012 Legislative Session

No legislation enacted with an actuarial impact to the System.

2013 Legislative Session

No legislation enacted with an actuarial impact to the System.

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

I. *Valuation Date*

The valuation date is June 30th of each plan year. This is the date as of which the actuarial present value of future benefits and the actuarial value of assets are determined.

II. *Actuarial Cost Method*

Because the employer contribution rate is set by statute, the actuarial valuation is used to determine the number of years required to amortize the Unfunded Actuarial Accrued Liability (UAAL), or the funding period. It is also used to calculate the Annual Required Contribution (ARC) as defined by GASB 25.

The actuarial valuation uses the Entry Age actuarial cost method. Under this method, the first step is to determine the contribution rate (level as a percentage of pay) required to provide the benefits of the average new member, or the normal cost rate. The normal cost rate consists of two pieces: (i) the member's contribution rate, and (ii) the remaining portion of the normal cost rate which is the employer's normal cost rate.

The total normal cost is determined by dividing the present value of future benefits for a hypothetical group of new members by the present value of their future pay. In projecting the benefits for this group, all scheduled changes to provisions and member contribution rates are included. The hypothetical group of new entrants was reset in the 2010 experience study, based on actual new members joining during FY 2005 through FY 2009.

The UAAL is the liability for future benefits which is in excess of (i) the actuarial value of assets, and (ii) the present value of future normal costs. The employer contribution provided in excess of the employer normal cost is applied to amortize the UAAL.

The funding period is calculated as the number of years required to fully amortize the UAAL, assuming that: (a) future market earnings, net of expenses, will equal 8.00% per year, (b) there will be no liability gains/losses or changes in assumptions, (c) the number of active members will remain unchanged, (d) active members who leave employment will be replaced by new entrants each year, and (e) employer and State contributions will remain the same percentage of payroll as projected for the current fiscal year.

The Entry Age actuarial cost method is an "immediate gain" method (i.e., experience gains and losses are separately identified as part of the UAAL). However, they are amortized over the same period applied to all other components of the UAAL.

The actuarial valuation also determines the GASB Annual Required Contribution (ARC). This is the contribution required to pay the normal cost and amortize the UAAL over 30 years as a level percent of pay. The 30-year period applies to all components of the UAAL and is recalculated each year (open amortization method).

III. *Actuarial Value of Assets*

The actuarial value of assets is equal to the market value, adjusted for a five-year phase in of actual investment return in excess of expected investment return. The actual return is calculated net of investment and administrative expenses, and the expected investment return is equal to the assumed investment return rate multiplied by the prior year's market value of assets, adjusted for contributions, benefits paid, and refunds.

IV. *Actuarial Assumptions*

A. Economic Assumptions

1. Investment return: 8.00% per year, net of expenses and compounded annually, composed of an assumed 3.00% inflation rate and a 5.00% net real rate of return.

2. Salary increase rate: A 4.00% wage inflation component, including 3.00% price inflation, plus a service-related component as shown below:

Years of Service	Service-Related Component	Total Salary Increase Rate
(1)	(2)	(3)
0	8.00%	12.00%
1-2	1.50%	5.50%
3-4	1.25%	5.25%
5-11	1.00%	5.00%
12-17	0.75%	4.75%
18-21	0.50%	4.50%
22-24	0.25%	4.25%
25 or more	0.00%	4.00%

3. Payroll growth rate: In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.50% per year. This increase rate has no allowance for future membership growth.

4. Future ad hoc cost-of-living increases: None.

B. Demographic Assumptions

1. Mortality rates - after retirement or termination.

   a. Healthy males – RP-2000 Combined Mortality Table for males, projected to the year 2016 using Scale AA, multiplied by 90%, no set back.

   b. Healthy females – RP-2000 Combined Mortality Table for females, projected to the year 2016 using Scale AA, multiplied by 80%, no set back.

   c. Disabled males – RP-2000 Mortality Table for disabled males, multiplied by 75%, no set back.

   d. Disabled females – RP-2000 Mortality Table for disabled females, multiplied by 100%, no set back.

   Sample rates are shown below:

	Expected Deaths per 100 Lives			
Age	Healthy Males	Healthy Females	Disabled Males	Disabled Females
(1)	(2)	(3)	(4)	(4)
40	0.09	0.04	1.69	0.75
45	0.11	0.07	1.69	0.75
50	0.14	0.10	2.17	1.15
55	0.24	0.19	2.66	1.65
60	0.47	0.37	3.15	2.18
65	0.91	0.72	3.76	2.80
70	1.57	1.24	4.69	3.76
75	2.72	1.98	6.16	5.22
80	4.93	3.28	8.20	7.23

Mortality Improvement: To account for future mortality improvement, the tables and table multipliers selected above were chosen so that the assumed mortality rates are smaller than the rates observed in the last experience study, covering experience for FY 2005 – FY 2009. The ratio of the actual number of deaths occurring during this period to the expected number based on the selected assumptions was:

- 115% for nondisabled male annuitants
- 120% for nondisabled female annuitants
- 112% for disabled male annuitants
- 130% for disabled female annuitants

2. Mortality rates for active members – RP-2000 Employee Mortality tables, with male rates multiplied by 60% and female rates multiplied by 50%. Sample rates are shown below:

	Expected Deaths per 100 Lives	
Age	Male Members	Female Members
(1)	(2)	(3)
25	0.02	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.13	0.08
55	0.18	0.13
60	0.29	0.20
65	0.45	0.29

No future improvement was assumed for pre-retirement mortality, since this would not have a material effect on the liabilities or costs.

3. Disability rates - Based on 2010 Experience Study, males and females separate. Sample rates are shown below:

	Expected Disabilities Occurring per 100 Lives	
Age	Male Members	Female Members
(1)	(2)	(3)
25	0.025	0.023
30	0.025	0.023
35	0.035	0.045
40	0.065	0.112
45	0.100	0.180
50	0.300	0.270
55	0.450	0.378
60	0.175	0.378
65	0.000	0.000

Disability rates are applied only for members with 10 or more years of service, since rates were developed based on exposure for this group.

4. Termination Rates - Separate male and female rates, based solely on the member's service, developed from the 2010 Experience Study. Rates reflect terminations for causes other than death, disability or retirement. Sample rates are shown below:

Expected Terminations per 100 Lives

Credited Service (Years)	Males	Females
(1)	(2)	(3)
0	30.00	24.00
1	14.00	12.00
2	12.50	10.50
3	11.00	9.00
4	9.50	8.25
5	8.50	7.50
6	7.50	6.75
7	6.75	6.00
8	6.00	5.25
9	5.25	4.50
10	4.75	4.00
11	4.50	3.50
12	4.00	3.25
13	3.75	3.00
14	3.50	2.75
15	3.25	2.50
16	3.00	2.25
17	2.75	2.00
18	2.50	1.75
19	2.25	1.50
20	2.00	1.40
21	1.75	1.30
22	1.50	1.20
23	1.25	1.10
24	1.00	1.00
25 or more	0.00	0.00

Termination rates are not applied to a member who is eligible for a retirement benefit (reduced or unreduced).

5. Retirement rates - Separate male and female rates, based on age, developed from the 2010 Experience Study. Sample rates are shown below:

Expected Retirements per 100 Lives

	Unreduced Retirement				Reduced Retirement	
	Males		Females			
Age	Rule of 80	Rule of 90	Rule of 80	Rule of 90	Males	Females
Under 50	0.0	0.0	0.0	0.0	0.0	0.0
50	12.0	19.5	12.5	20.0	0.0	0.0
51	12.0	19.5	12.5	20.0	0.0	0.0
52	12.0	19.5	12.5	20.0	0.0	0.0
53	12.0	19.5	12.5	20.0	0.0	0.0
54	12.0	19.5	12.5	20.0	0.0	0.0
55	12.0	19.5	12.5	20.0	1.0	1.5
56	12.0	19.5	12.5	20.0	1.8	2.0
57	12.0	22.0	12.5	22.5	2.0	2.3
58	12.0	22.0	12.5	22.5	2.3	2.5
59	12.0	22.0	12.5	22.5	2.5	2.8
60	12.0	22.0	15.0	25.0	2.8	3.0
61	12.0	22.0	18.0	28.0	3.0	3.5
62	20.0	30.0	25.0	35.0	10.0	10.0
63	18.0	18.0	18.0	18.0	7.5	7.5
64	16.0	16.0	16.0	16.0	7.5	7.5
65	20.0	20.0	25.0	25.0		
66	20.0	20.0	22.5	22.5		
67	20.0	20.0	22.5	22.5		
68	20.0	20.0	22.5	22.5		
69	20.0	20.0	22.5	22.5		
70	20.0	20.0	22.5	22.5		
71	20.0	20.0	22.5	22.5		
72	20.0	20.0	22.5	22.5		
73	20.0	20.0	22.5	22.5		
74	20.0	20.0	22.5	22.5		
75 and over	100.0	100.0	100.0	100.0		

The retirement assumption was further modified for members hired after November 1, 2011. Affected members who would have been assumed to retire prior to age 60 under the above schedule are assumed to retire when first eligible for an unreduced benefit.

C. Other Assumptions

1. Percent married: 80% of employees are assumed to be married.

2. Age difference: Males are assumed to be three years older than females.

3. Percent electing annuity on death (when eligible): All of the spouses of married participants who die after becoming eligible for a retirement benefit are assumed to elect an annuity, in lieu of the $18,000 lump sum and refund.

4. Percent electing deferred termination benefit: vested terminating members are assumed to elect a refund or a deferred benefit, whichever is more valuable at the time of termination.

5. Assumed age for commencement of deferred benefits: Members electing to receive a deferred benefit are assumed to commence receipt at age 62 (age 65 if hired on or after November 1, 2011).

6. Administrative expenses: The assumed investment return rate represents the anticipated net return after payment of all investment and administrative expenses.

7. Supplemental medical insurance: All members, whether currently active, inactive, or retired, are assumed to be eligible to receive the supplemental insurance benefit, if they have at least 10 years of service credit at retirement.

8. Members who retire with at least 24 years of credited service are assumed to have 120 days of unused sick leave for which they will receive one year of service credit. This assumption only applies to reduced and unreduced retirement.

9. No assumption was made that current active members employed by the comprehensive universities will elect to transfer out of OTRS.

10. Reemployment, purchase of service, transfers: No recognition is made of (i) future member reimbursements upon reemployment, (ii) future purchase of additional service, or (iii) special transfer provisions.

11. For EESIP eligible employees, if the refund amount to be paid exceeds the actuarial present value of the additional benefit, then we assume the member does not elect the enhanced benefit.

12. Decrement timing: Decrements of all types are assumed to occur mid-year.

V. Participant Data

Participant data was supplied on an electronic file for (i) active members, (ii) inactive vested members who are entitled to a future deferred benefit, (iii) inactive nonvested members who are entitled to a refund of their employee contributions, and in some cases a portion of the accumulated interest, and (iv) members and beneficiaries receiving benefits.

The data for active and inactive, non-retired members included date of birth, date of hire, gender, years of service, salary, employee contributions and accumulated interest on employee contributions. The data also included a code to indicate whether the employee had elected to make contributions on salary above $25,000, and a code indicating the type of employer (comprehensive university, other college or university, or other employer). For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and a form of payment code.

Individual member contributions for the 12 months prior to the valuation date were used to determine the actual salary for plan members in the prior plan year. The valuation assumptions for salary increases were used to determine the projected salary for the current plan year. Annualized salary for new members is based on the salary for the same hypothetical group of new members described in Section II, above. Additionally, contributing members were assumed to accrue one additional year of service between the end of the prior employment year and the valuation date.

Additional assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Some inactive, nonvested employees who are entitled to a refund are not included in the data, but a liability for their refund is included instead in the Suspense Fund, which is included in the liability.

VI. Dates of Adoption of Assumptions and Methods

Generally, the actuarial assumptions and methods were developed from the 2010 experience study, and were adopted by the Board of Trustees in September 2010 and first reflected in this actuarial valuation. The adopted assumptions were recommended by the actuary. Some assumptions were left unchanged from the prior experience study in 2005, including the investment return rate, the inflation and payroll growth rates, and the male disability rates.

Since the June 30, 2004 valuation, there has been an assumption that future ad hoc cost-of-living increases would be granted from time to time, without additional funding. The initial assumption was that these would average 1.00% per year. Effective July 1, 2008, the assumption was modified from 1.00% to 2.00% per year. Because of the enactment of HB 2132 in 2011, this assumption was eliminated effective with the June 30, 2011 actuarial valuation.

GLOSSARY

Actuarial Accrued Liability (AAL): That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Plan Benefits which is not provided for by future Normal Costs. It is equal to the Actuarial Present Value of Future Plan Benefits minus the actuarial present value of future Normal Costs.

Actuarial Assumptions: Assumptions as to future experience under the Fund. These include assumptions about the occurrence of future events affecting costs or liabilities, such as:

- mortality, withdrawal, disablement, and retirement;
- future increases in salary;
- future rates of investment earnings and future investment and administrative expenses;
- characteristics of members not specified in the data, such as marital status;
- characteristics of future members;
- future elections made by members; and
- other relevant items.

Actuarial Cost Method or ***Funding Method:*** A procedure for allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability. These items are used to determine the ARC.

Actuarial Gain or ***Actuarial Loss:*** A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., the Fund's assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results that produce actuarial liabilities which are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.),

b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of those benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members either entitled to a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would be provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB 25, such as the funded ratio and the ARC.

Actuarial Value of Assets or ***Valuation Assets:*** The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly actuaries use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ARC.

Actuarially Determined: Values which have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.

Amortization Payment: That portion of the pension plan contribution or ARC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Annual Required Contribution (ARC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under GASB 25. The ARC consists of the Employer Normal Cost and the Amortization Payment

Closed Amortization Period: A specific number of years that is counted down by one each year and therefore declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: A retirement plan that is not a Defined Contribution Plan. Typically a defined benefit plan is one in which benefits are defined by a formula applied to the member's compensation and/or years of service.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, and the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund which may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA, although GASB 25 reporting requires the use of the AVA.

Funding Period or ***Amortization Period:*** The term "Funding Period" is used it two ways. In the first sense, it is the period used in calculating the Amortization Payment as a component of the ARC. This funding period is chosen by the Board of Trustees. In the second sense, it is a calculated item: the number of years in the future that will theoretically be required to amortize (i.e., pay off or eliminate) the Unfunded Actuarial Accrued Liability, based on the statutory employer contribution rate, and assuming no future actuarial gains or losses.

GASB: Governmental Accounting Standards Board.

GASB 25 and ***GASB 27***: Governmental Accounting Standards Board Statements No. 25 and No. 27. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 27 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 25 sets the rules for the systems themselves.

Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits which are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated. Under the entry age normal cost method, the Normal Cost is intended to be the level cost (when expressed as a percentage of pay) needed to fund the benefits of a member from hire until ultimate termination, death, disability or retirement.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

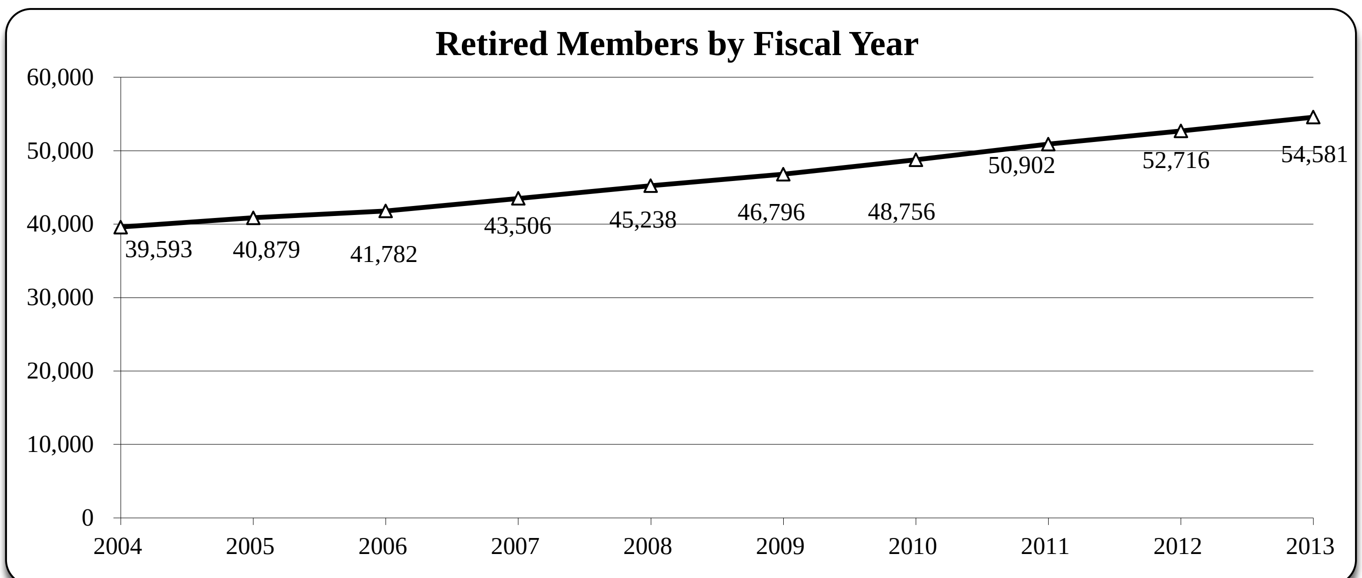
Valuation Date or Actuarial Valuation Date: The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.

Schedule of Increases and Decreases
of Benefit Recipients
Periods Ended June 30

	Added to Rolls		Removed from Rolls		Rolls-End of Year		% Increase	Average
Year Ended	No.	Annual Allowances*	No.	Annual Allowances	No.	Annual Allowances	in Annual Allowances	Annual Allowances**
2004	2,616	49,732,316	1,082	12,334,953	39,593	607,357,316	6.6%	15,340
2005	2,346	62,318,530	1,060	8,518,211	40,879	661,157,635	8.9%	16,174
2006	2,060	32,777,192	1,157	7,344,953	41,782	686,589,874	3.8%	16,433
2007	2,696	48,762,552	972	8,907,437	43,506	726,444,989	5.8%	16,698
2008	2,807	46,858,028	1,075	8,758,271	45,238	764,544,746	5.2%	16,900
2009	2,593	77,839,485	1,035	7,161,393	46,796	835,222,838	9.2%	17,848
2010	2,906	47,150,133	946	7,952,632	48,756	874,420,339	4.7%	17,935
2011	2,960	71,573,599	814	6,358,676	50,902	939,635,263	7.5%	18,460
2012	3,003	59,122,021	1,189	10,098,394	52,716	988,658,890	5.2%	18,754
2013	3,305	76,049,460	1,440	22,392,434	54,581	1,042,315,916	5.4%	19,097

* Includes post-retirement increases for members who retired in previous years and changes occurring due to plan options which offer a continuing monthly benefit payment to beneficiaries.

** Does not include special annuitants



Statistical Section

Statistical Section Summary

The Statistical Section presents several schedules that provide financial trends analysis of the Teachers' Retirement System of Oklahoma's overall financial health and additional analytical information on membership data and retirement benefits. The schedules beginning on page 139 through page 148 provide data depicting active membership, level of monthly benefits, years of service, and retirement options. The schedules on page 149 to page 153 provide financial data showing revenues and expenses. On page 154 to page 160 these schedules report the financial impact of retirees in the state of Oklahoma and the participating employers. The source of the information in these schedules is derived from internal information unless otherwise noted.

Retired Members by Type of Benefit

Fiscal Year Ended June 30, 2013

Amount of Monthly Benefit	Number of Retired Members	Type of Retirement * 1	2	3	4	5	6	Option Selected # A	B	C	D	E	G
Under $500	6,959	3,790	2,461	305	60	330	12	3,241	1,721	1,457	308	220	12
$501-$1,000	9,202	6,032	1,781	633	63	693	0	3,943	2,154	2,101	782	222	0
$1,001-$1,500	8,533	7,252	264	559	10	448	0	3,119	2,007	2,371	898	138	0
$1,501-$2,000	13,106	12,344	25	512	1	224	0	4,121	3,453	3,906	1,380	246	0
$2,001-$2,500	10,597	10,203	3	361	0	30	0	3,072	2,591	3,402	1,261	271	0
$2,501-$3,000	3,837	3,695	0	140	0	2	0	1,172	827	1,255	515	68	0
$3,001-$3,500	1,272	1,243	0	29	0	0	0	430	257	403	153	29	0
$3,501-$4,000	485	475	0	10	0	0	0	179	69	169	60	8	0
Over $4,000	590	571	0	19	0	0	0	179	81	237	81	12	0
	Totals	**45,605**	**4,534**	**2,568**	**134**	**1,727**	**12**	**19,456**	**13,160**	**15,301**	**5,438**	**1,214**	**12**

*** Type of Retirement**

Type 1 - Normal retirement for age and service
Type 2 - Early retirement
Type 3 - Beneficiary payment (Normal retirement)
Type 4 - Beneficiary payment (Early retirement)
Type 5 - Disability retirement
Type 6 - Special annuitants

 # Option Selected

Option A – The Maximum Retirement Plan – provides the greatest monthly lifetime benefit.
Option B – Retirement Option 1 – provides for a decreased rate of reduction of a member's account balance.
Option C – Retirement Option 2 – known as the 100% joint survivor annuity – provides for a reduced monthly benefit to the member for life. Upon the death of the member, the designated beneficiary will continue to receive the same monthly benefit for life.
Option D – Retirement Option 3 – known as the 50% joint survivor annuity – provides a similar benefit as Option 2; however, upon the death of the member, the monthly benefit to the designated beneficiary is one-half of the benefit of the member.
Option E – Retirement Option 4 – provides a reduced monthly benefit payable to the member for life. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement
Option G – Special Annuitants – a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943, receives a special annuity.

Average Benefit Payments

Fiscal Years Ended June 30

	Years of Credited Service							
Retirement Effective Date	**5-10**	**10-15**	**15-20**	**20-25**	**25-30**	**30-35**	**35-40**	**40+**
Period 7/1/2003 to 6/30/2004								
Average monthly benefit	$306	$490	$772	$1,239	$1,700	$2,010	$2,381	$2,796
Average final average salary	$28,628	$28,466	$30,699	$35,192	$38,860	$41,194	$42,436	$43,492
Number of retired members	99	381	358	433	639	505	153	48
Period 7/1/2004 to 6/30/2005								
Average monthly benefit	$314	$502	$804	$1,228	$1,731	$2,035	$2,358	$2,915
Average final average salary	$31,394	$28,718	$31,363	$34,939	$40,015	$41,648	$43,218	$46,519
Number of retired members	94	335	304	467	531	417	150	48
Period 7/1/2005 to 6/30/2006								
Average monthly benefit	$311	$545	$803	$1,204	$1,729	$2,008	$2,350	$2,944
Average final average salary	$28,873	$30,160	$31,960	$34,350	$39,703	$42,053	$42,948	$47,656
Number of retired members	112	275	325	403	475	328	107	35
Period 7/1/2006 to 6/30/2007								
Average monthly benefit	$289	$548	$844	$1,319	$1,825	$2,025	$2,692	$3,033
Average final average salary	$27,920	$31,084	$33,123	$37,294	$41,634	$45,283	$48,400	$50,850
Number of retired members	145	318	349	453	601	490	260	80
Period 7/1/2007 to 6/30/2008								
Average monthly benefit	$331	$558	$897	$1,294	$1,846	$2,243	$2,767	$3,535
Average final average salary	$31,448	$32,300	$34,616	$36,877	$42,274	$46,606	$50,852	$56,650
Number of retired members	155	324	346	512	568	528	271	103
Period 7/1/2008 to 6/30/2009								
Average monthly benefit	$366	$610	$955	$1,360	$1,896	$2,319	$3,073	$3,839
Average final average salary	$35,522	$34,547	$36,411	$38,874	$44,043	$49,044	$55,906	$65,221
Number of retired members	135	302	324	497	502	465	234	134
Period 7/1/2009 to 6/30/2010								
Average monthly benefit	$365	$613	$952	$1,365	$1,895	$2,319	$3,074	$3,850
Average final average salary	$35,555	$34,709	$36,329	$38,995	$44,020	$49,040	$55,956	$65,319
Number of retired members	135	299	321	496	499	465	232	133
Period 7/1/2010 to 6/30/2011								
Average monthly benefit	$351	$673	$982	$1,509	$2,001	$2,414	$3,098	$3,914
Average final average salary	$33,424	$37,258	$38,819	$42,812	$46,526	$50,720	$57,796	$63,174
Number of retired members	194	378	355	586	565	606	365	164
Period 7/1/2011 to 6/30/2012								
Average monthly benefit	$404	$680	$1,104	$1,550	$2,010	$2,515	$3,117	$3,918
Average final average salary	$37,148	$37,591	$42,042	$44,290	$46,464	$52,835	$57,195	$64,361
Number of retired members	228	386	351	568	551	585	326	188
Period 7/1/2012 to 6/30/2013								
Average monthly benefit	$389	$720	$1,120	$1,551	$2,063	$2,552	$3,249	$4,001
Average final average salary	$36,290	$38,825	$43,361	$44,199	$47,585	$53,372	$58,652	$64,580
Number of retired members	205	321	341	521	574	537	351	164

Principal Participating Employers

Current Year **(2013)** and Nine Years Ago **(2004)**

	Fiscal Year 2013			Fiscal Year 2004		
Participating Employer	**Covered Members**	**Rank**	**Percentage of Total System**	**Covered Members**	**Rank**	**Percentage of Total System**
OKLAHOMA CITY PUBLIC SCHOOLS	5,014	1	5.61%	4,232	1	5.17%
OKLAHOMA STATE UNIVERSITY	4,135	2	4.63%	3,733	2	4.56%
TULSA PUBLIC SCHOOLS	3,777	3	4.23%	3,700	3	4.52%
UNIVERSITY OF OKLAHOMA	2,662	4	2.98%	3,053	4	3.73%
MOORE PUBLIC SCHOOLS	2,571	5	2.88%	1,809	7	2.21%
EDMOND PUBLIC SCHOOLS	2,402	6	2.69%	1,973	6	2.41%
OU HEALTH SCIENCES CENTER	1,958	7	2.19%	2,292	5	2.80%
PUTNAM CITY PUBLIC SCHOOLS	1,754	8	1.96%	1,424	9	1.74%
MID-DEL PUBLIC SCHOOLS	1,741	9	1.95%	1,383	10	1.69%
BROKEN ARROW PUBLIC SCHOOLS	1,653	10	1.85%	1,146	12	1.40%
* All Other	61,666		69.13%	57,116		69.77%
Total (614 Employers)	**89,333**		**100.00%**	**81,863**		**100.00%**

*In Fiscal Year 2013, "all other" consisted of:

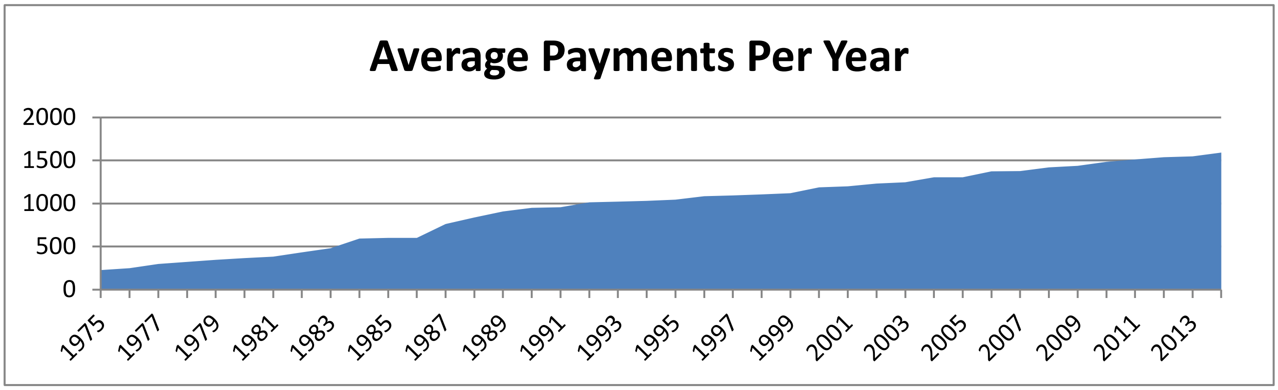
Type	**Participating**	**Members**
School Districts	525	47,032
Higher Education	25	9,264
Career Technology	29	3,837
State Agencies	26	1,375
Other	9	159
Total	**614**	**61,666**

Schedule of Average Payment Amounts

Fiscal Year Ended June 30, 2013

Date	Regular
June 30, 1948	$33
June 30, 1954	$75
June 30, 1960	$83
June 30, 1970	$179
June 30, 1972	$209
June 30, 1973	$217
June 30, 1974	$226
June 30, 1975	$248
June 30, 1976	$297
June 30, 1977	$321
June 30, 1978	$345
June 30, 1979	$365
June 30, 1980	$382
June 30, 1981	$432
June 30, 1982	$480
June 30, 1983	$592
June 30, 1984	$600
June 30, 1985	$600
June 30, 1986	$761
June 30, 1987	$837
June 30, 1988	$907
June 30, 1989	$949

Date	Regular	Special
June 30, 1990	$956	$159
June 30, 1991	$1,013	$159
June 30, 1992	$1,021	$159
June 30, 1993	$1,030	$159
June 30, 1994	$1,044	$159
June 30, 1995	$1,084	$163
June 30, 1996	$1,093	$163
June 30, 1997	$1,105	$163
June 30, 1998	$1,119	$163
June 30, 1999	$1,187	$172
June 30, 2000	$1,199	$172
June 30, 2001	$1,231	$175
June 30, 2002	$1,246	$175
June 30, 2003	$1,304	$175
June 30, 2004	$1,304	$180
June 30, 2005	$1,373	$187
June 30, 2006	$1,376	$191
June 30, 2007	$1,419	$191
June 30, 2008	$1,437	$191
June 30, 2009	$1,483	$194
June 30, 2010	$1,511	$195
June 30, 2011	$1,537	$195
June 30, 2012	$1,547	$195
June 30, 2013	$1,591	$195



Active Personnel

Fiscal Year Ended June 30, 2013

Years of Service	All Active Personnel	Classified Personnel
Under 5 years	35,733	35,733
5-9	17,125	17,125
10-14	13,918	13,918
15-19	8,742	8,742
20-24	7,113	7,113
25-29	3,658	3,658
30-34	2,141	2,141
35-39	744	744
40-44	136	136
45-49	20	20
50-54	2	2
55-59	1	1
Totals	**89,333**	**89,333**

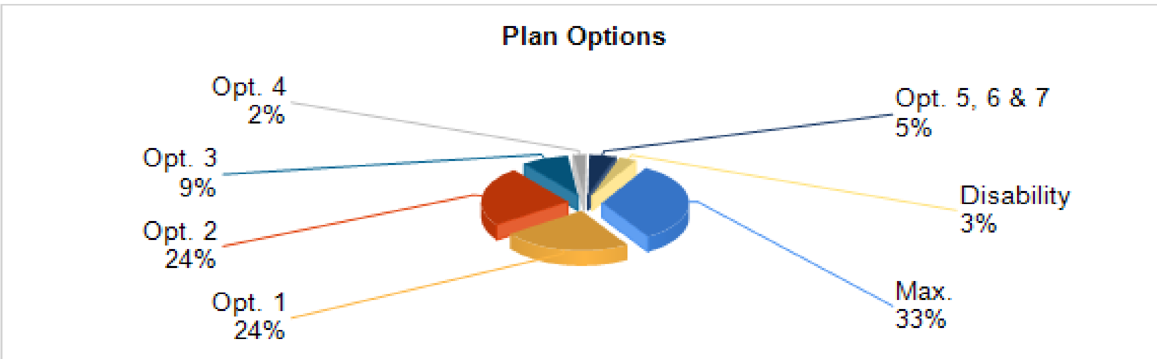
Salary Range	All Active Personnel	Classified Personnel
Under $5,000	1,596	1,596
$5,001-$10,000	1,953	1,953
$10,001-$15,000	5,120	5,120
$15,001-$20,000	4,934	4,934
$20,001-$25,000	3,640	3,640
$25,001-$30,000	3,160	3,160
$30,001-$35,000	7,358	7,358
$35,001-$40,000	16,088	16,088
$40,001-$45,000	13,963	13,963
$45,001-$50,000	8,808	8,808
$50,001-$55,000	5,564	5,564
$55,001-$60,000	3,592	3,592
$60,001-$65,000	2,527	2,527
$65,001-$70,000	2,096	2,096
$70,001-$75,000	1,754	1,754
$75,001-$80,000	2	2
$80,001 and Above	7,178	7,178
Totals	**89,333**	**89,333**

Average Age (years)	46.1	46.1
Average Salary	44,027	44,027
Average Service (years)	11.4	11.4

Schedule of Retired Members by Type of Benefits

Selected Plan Options
Fiscal Year Ended June 30, 2013

Option	Retired Members Male	Female	Total	Average Monthly Payment	% of Total
Maximum	3,360	14,547	17,907	$1,483	33%
Option 1	3,021	10,140	13,161	$1,537	24%
Option 2	7,036	6,133	13,169	$1,735	24%
Option 3	1,988	2,754	4,742	$1,886	9%
Option 4	353	821	1,174	$1,493	2%
Options 5, 6 & 7	688	2,013	2,701	$1,342	5%
Disability	463	1,264	1,727	$946	3%
Totals	**16,909**	**37,672**	**54,581**	**$1,591**	**100%**



Maximum – provides for the greatest possible benefit.

Option 1 – provides for a decreased rate of reduction of member's account balance.

Option 2 – provides for a reduced monthly benefit to the member for life. Upon death of the member, the designated beneficiary will continue to receive the same monthly benefit for life.

Option 3 – provides a similar benefit as Option 2; however, upon death of the member, the monthly benefit to the designated beneficiary is one-half of the benefit of the member.

Option 4 – provides a reduced monthly benefit. In the event of the member's death within 120 months from the date of retirement, the balance of the payments are continued to the beneficiary designated at the time of retirement.

Options 5, 6 & 7 – represents beneficiaries of options 2, 3 & 4.

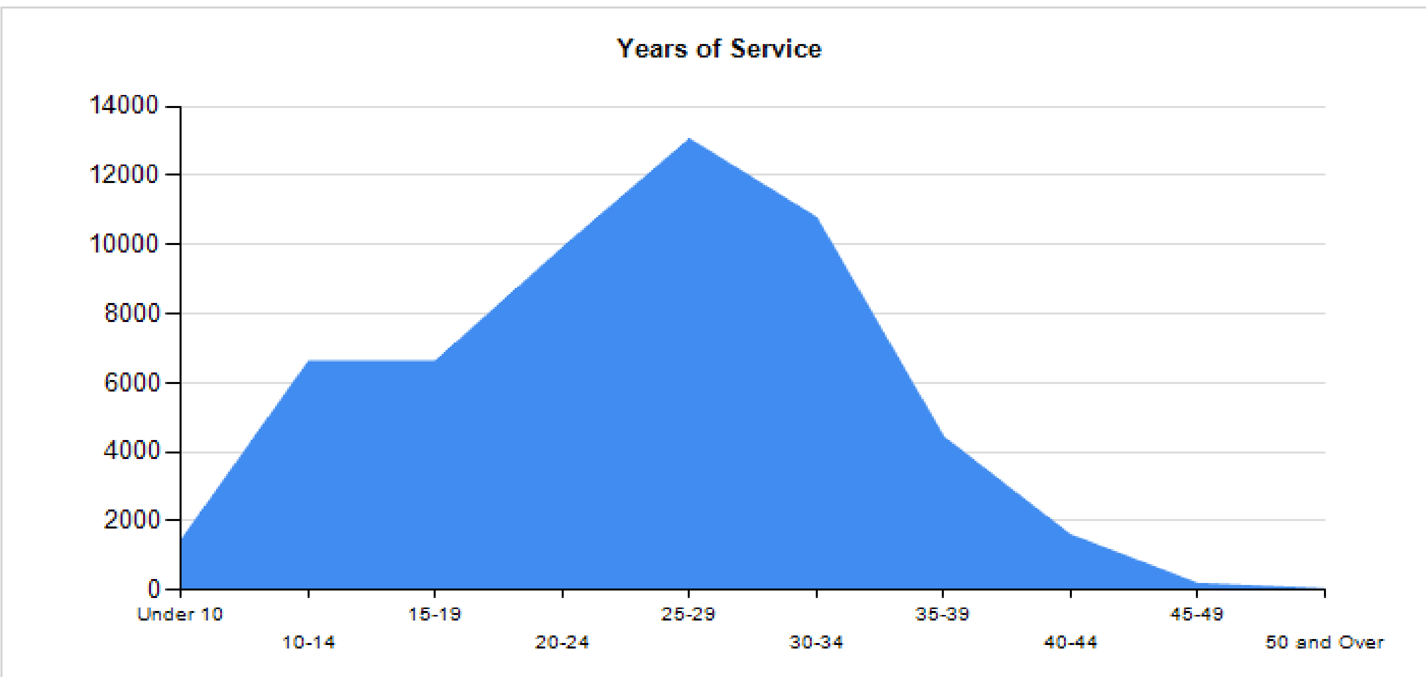
Disability – upon meeting requirements, a vested member may receive a monthly benefit.

Special Annuitants – a former teacher, who taught a minimum of ten years in the public schools of Oklahoma prior to July 1, 1943.

Distribution by Years of Service

Fiscal Year Ended June 30, 2013

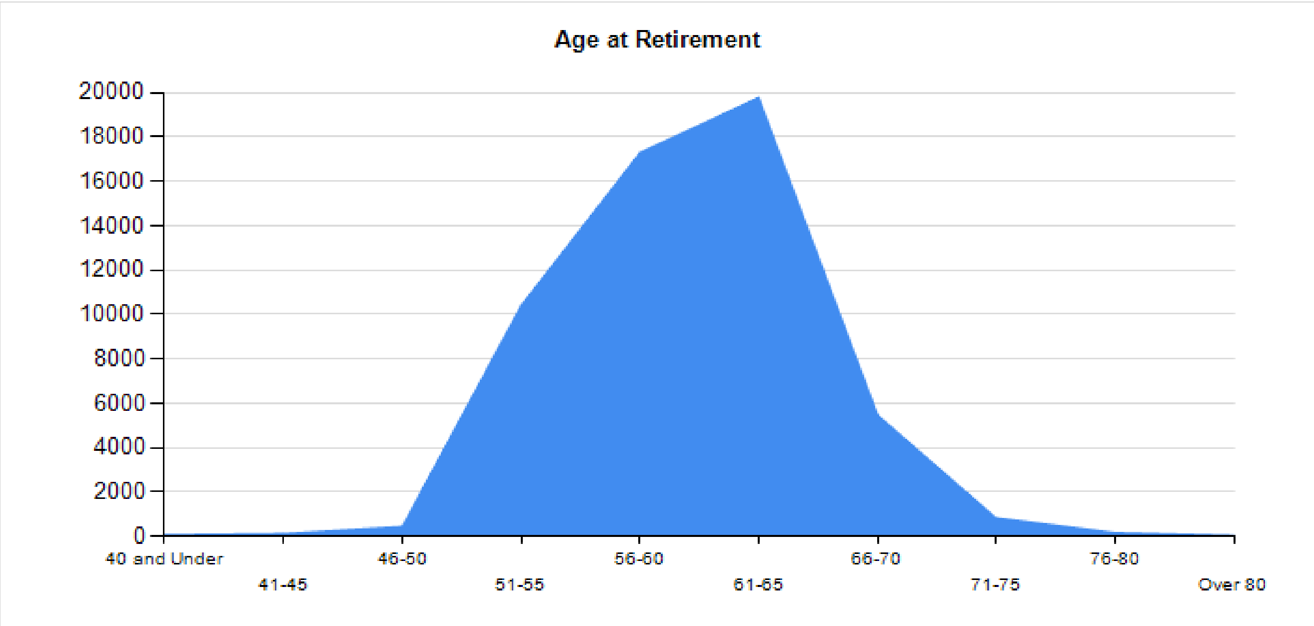
Years of Creditable Service	Retired Members			Average Monthly Payment
	Male	Female	Total	
Under 10	526	924	1,450	$356
10-14	1,781	4,819	6,600	$506
15-19	1,778	4,834	6,612	$818
20-24	2,226	7,670	9,896	$1,285
25-29	3,828	9,209	13,037	$1,774
30-34	3,976	6,783	10,759	$2,154
35-39	1,909	2,519	4,428	$2,606
40-44	771	818	1,589	$3,128
45-49	100	86	186	$3,722
50 and Over	14	10	24	$4,011
Totals	**16,909**	**37,672**	**54,581**	**$1,591**



Distribution by Age at Retirement

Fiscal Year Ended June 30, 2013

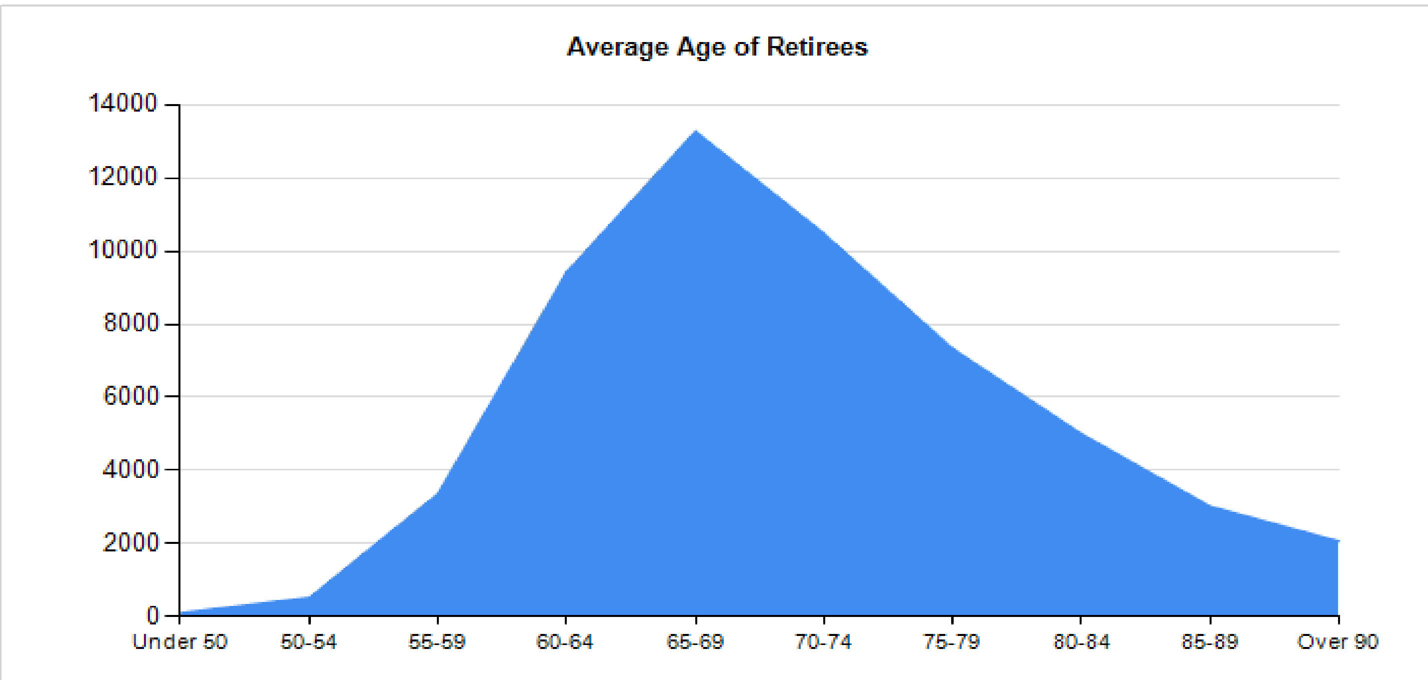
Age at Retirement	Retired Members			Average Monthly Payment	Average Length of Service (Years)
	Male	Female	Total		
40 and Under	16	58	74	$688	13.2
41-45	35	100	135	$929	15.9
46-50	126	325	451	$1,209	20.1
51-55	4,066	6,346	10,412	$1,925	28.5
56-60	4,915	12,386	17,301	$1,573	25.3
61-65	5,617	14,043	19,660	$1,423	23.2
66-70	1,806	3,682	5,488	$1,486	23.0
71-75	289	548	837	$1,450	23.1
76-80	61	117	178	$1,213	22.0
Over 80	20	25	45	$967	20.8
Totals	**16,951**	**37,630**	**54,581**	**$1,591**	**24.8**



Distribution by Retiree Age

Fiscal Year Ended June 30, 2013

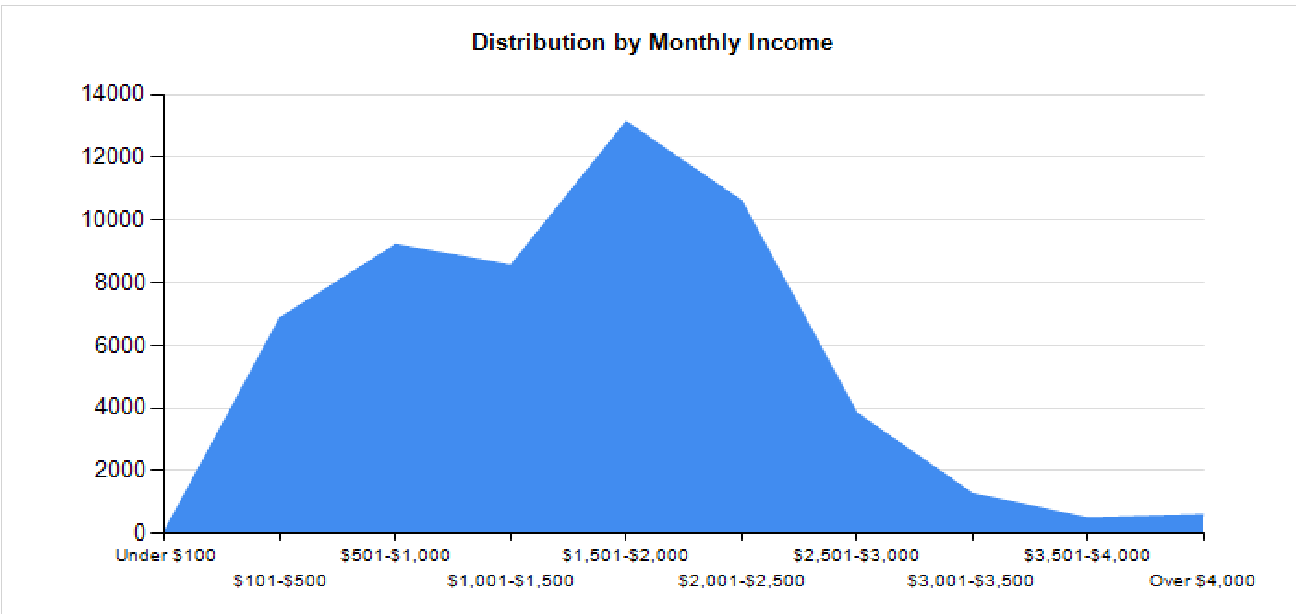
Age	Total Retired Members	Average Length of Service	Average Monthly Payment
Under 50	114	16.7	$1,059
50-54	534	25.8	$1,803
55-59	3,379	26.6	$1,863
60-64	9,444	25.6	$1,786
65-69	13,168	24.8	$1,694
70-74	10,492	24.2	$1,541
75-79	7,341	23.8	$1,385
80-84	5,011	24.0	$1,298
85-89	3,027	25.0	$1,247
Over 90	2,071	26.2	$1,162
Totals	**54,581**	**24.8**	**$1,591**



Distribution by Monthly Income

Fiscal Year Ended June 30, 2013

Monthly Income	Retired Members	Total	Average Payment
Under $100	85	$7,245	$85
$101-$500	6,886	$2,255,370	$328
$501-$1,000	9,215	$6,751,421	$733
$1,001-$1,500	8,565	$10,870,482	$1,269
$1,501-$2,000	13,027	$23,126,795	$1,759
$2,001-$2,500	10,615	$23,494,816	$2,213
$2,501-$3,000	3,842	$10,384,642	$2,703
$3,001-$3,500	1,273	$4,079,802	$3,205
$3,501-$4,000	486	$1,800,060	$3,704
Over $4,000	587	$2,998,795	$5,109
Totals	**54,581**	**$85,769,429**	**$1,591**



Teachers' Retirement System of Oklahoma
Schedule of Cash Receipts and Disbursements
Years Ended June 30, 2012 and 2013
401 (a) Plan

		2013	2012
	Cash balance, beginning of year	$24,936,734	$14,348,481
	Receipts:		
	Members' contributions	290,044,395	291,385,506
	Employer statutory requirement from local school districts	373,789,020	376,635,234
	Matching funds	26,995,423	23,188,952
	Dedicated revenue	300,509,886	281,806,711
	Interest & Dividend Income	320,417,159	308,064,104
	Net gain (loss) on investments	719,325,046	389,187,631
	Other revenue	9,531,387	9,279,228
*	Investments sold	136,779,190	182,980,166
	Total receipts	2,177,391,506	1,862,527,532
	Disbursements:		
	Retirement, death, survivor, and health benefits	1,095,144,055	1,036,132,586
	Refund of member contributions and annuity payments	28,894,193	32,076,398
	Administrative expenses	4,156,867	4,273,189
	Investment expenses	36,289,404	34,781,988
	Equipment purchases	682,207	725,236
*	Investment purchases	1,022,258,012	743,949,882
	Total disbursements	2,187,424,739	1,851,939,279
	Balance of cash, June 30	$14,903,501	$24,936,734

* Includes equities, fixed income and short-term investments.

Schedule of Changes in Net Position
For Periods Ended June 30

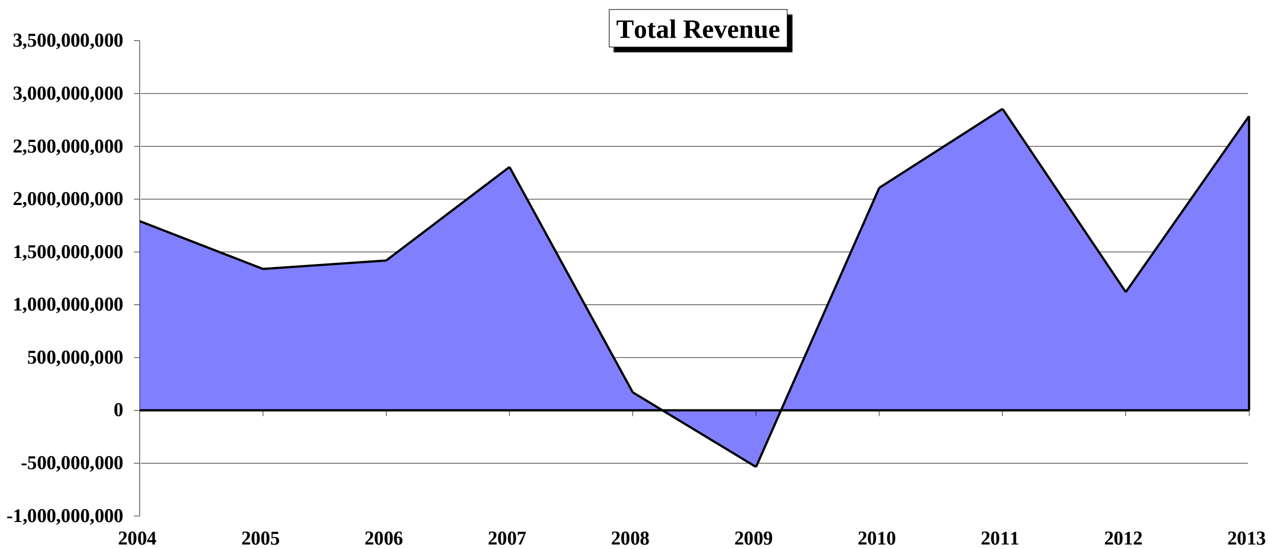
		Additions				Deductions			Total Changes in Net Position
		Contributions							
Year		Member	Employer	State and Federal Matching	Net Investment Income	Benefit Payments	Refunds and Annuity Payments	Administrative Expenses	
2004	*	238,312,953	219,126,867	156,142,888	1,178,338,068	647,277,986	52,327,030	3,851,320	1,088,464,440
2005	*	241,459,049	227,791,719	177,966,919	691,956,300	701,715,390	44,060,265	4,212,266	589,186,066
2006	*	256,586,987	241,174,959	218,294,582	703,031,333	727,379,279	52,902,064	4,425,007	634,381,511
2007	*	294,291,782	271,012,403	264,904,170	1,474,628,856	767,212,709	57,378,925	4,549,159	1,475,696,418
2008	*	295,661,038	308,804,479	288,036,554	(722,427,217)	806,540,725	63,925,592	4,791,118	(705,182,581)
2009	*	296,916,898	338,974,512	279,672,051	(1,452,047,400)	876,273,193	75,692,946	5,216,493	(1,493,666,571)
2010	*	295,649,674	366,282,238	254,375,139	1,191,267,426	912,912,714	74,951,443	4,979,589	1,114,730,731
2011	*	291,654,100	364,025,589	274,451,205	1,925,637,239	979,245,846	58,920,565	4,716,480	1,812,885,242
2012	*	291,385,506	376,635,234	304,995,663	147,103,279	1,036,132,586	54,737,731	4,273,189	24,976,176
2013	*	$ 292,955,101	$ 373,789,020	$ 327,505,309	$ 1,792,605,289	$ 1,095,144,055	$ 52,732,344	$ 4,156,867	$ 1,634,821,453

* - Net investment income includes both securities lending income and realized and unrealized gains and losses on investments.

Schedule of Revenue by Source
For Periods Ended June 30

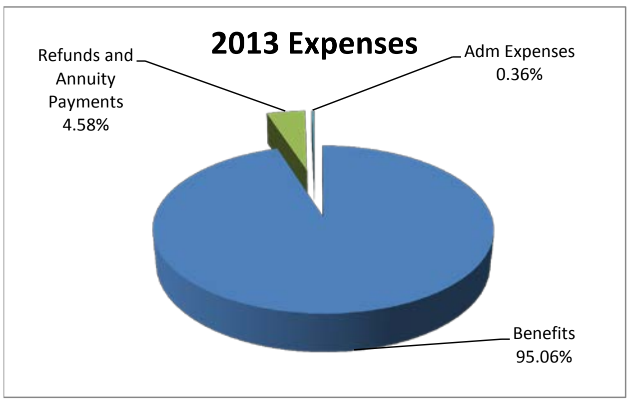
Year		Member Contributions	Employer Contributions	State of Oklahoma and Various Grant Sources	Net Investment Income	Other Revenue	Total
2004	*	238,312,953	219,126,867	156,142,888	1,175,826,812	2,511,256	1,791,920,776
2005	*	241,459,049	227,791,719	177,966,919	688,638,096	3,318,204	1,339,173,987
2006	*	256,586,987	241,174,959	218,294,582	699,048,530	3,982,803	1,419,087,861
2007	*	294,291,782	271,012,403	264,904,170	1,469,645,750	4,983,106	2,304,837,211
2008	*	295,661,038	308,804,479	288,036,554	(732,959,172)	10,531,955	170,074,854
2009	*	296,916,898	338,974,512	279,672,051	(1,461,365,729)	9,318,329	(536,483,939)
2010	*	295,649,674	366,282,238	254,375,139	1,186,235,015	5,032,411	2,107,574,477
2011	*	291,654,100	364,025,589	274,451,205	1,919,301,220	6,336,019	2,855,768,133
2012	*	294,833,537	376,635,234	304,995,663	134,376,020	9,279,228	1,120,119,682
2013	*	292,955,101	373,789,020	327,505,309	1,783,073,902	9,531,387	2,786,854,719

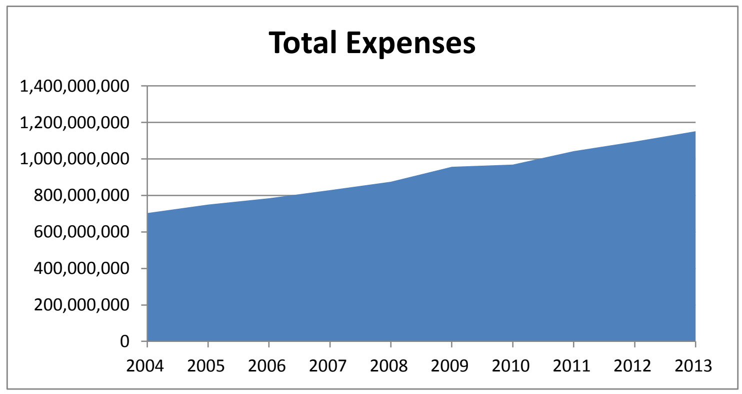
* - Investment income includes both realized and unrealized gains and losses on investments.



Schedule of Expenses by Type
For Periods Ended June 30

Year	Benefits	Refunds and Annuity Payments	Administrative Expenses	Total
2004	647,277,986	52,327,030	3,851,320	703,456,336
2005	701,715,390	44,060,265	4,212,266	749,987,921
2006	727,379,279	52,902,064	4,425,007	784,706,350
2007	767,212,709	57,378,925	4,549,159	829,140,793
2008	806,540,725	63,925,592	4,791,118	875,257,435
2009	876,273,193	75,692,946	5,216,493	957,182,632
2010	912,912,714	51,304,576	4,979,589	969,196,879
2011	979,245,846	58,920,565	4,716,480	1,042,882,891
2012	1,036,132,586	54,737,731	4,273,189	1,095,143,506
2013	1,095,144,055	52,732,344	4,156,867	1,152,033,266

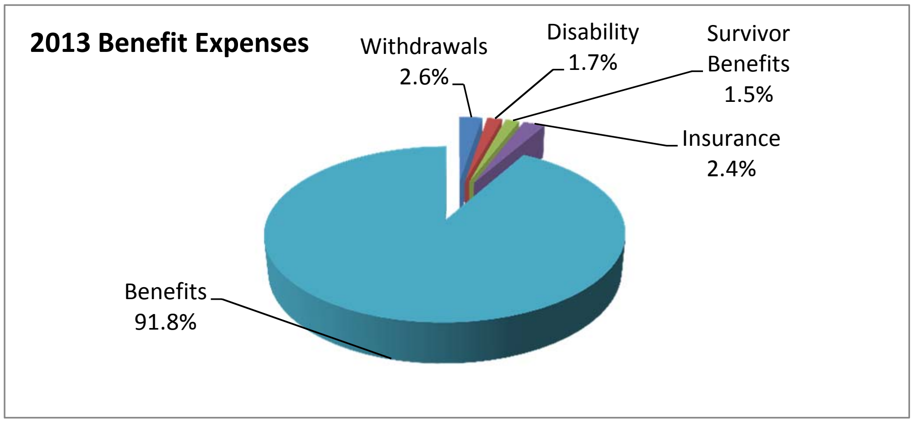


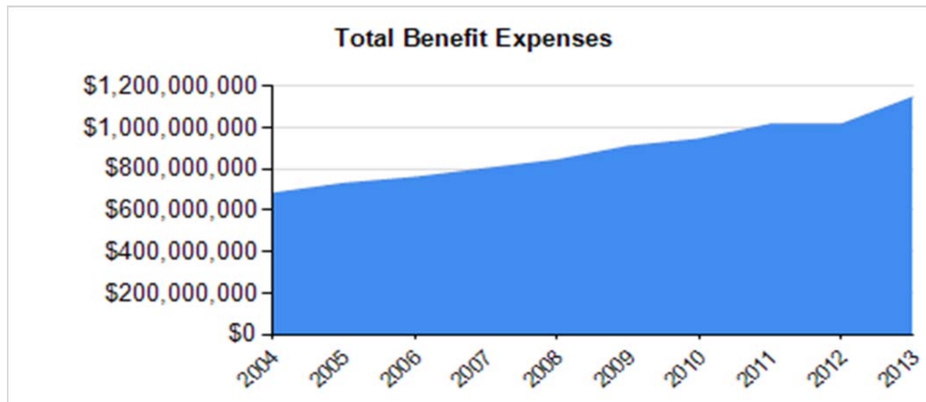


Schedule of Benefit Expenses by Type

For Periods Ended June 30

Year	Age And Service Benefits	Disability Benefits	Insurance Payments	Survivor Benefits	Withdrawal of Accounts	Total
2004	$593,951,000	$13,406,316	$31,142,570	$8,778,100	$33,663,294	$680,941,280
2005	$646,805,731	$14,351,904	$30,933,923	$9,623,832	$26,935,850	$728,651,240
2006	$671,474,697	$15,115,176	$30,421,535	$10,367,870	$30,864,619	$758,243,897
2007	$710,990,189	$15,454,800	$30,491,840	$10,275,879	$33,829,654	$801,042,362
2008	$748,710,866	$15,866,880	$30,404,352	$11,591,627	$35,254,496	$841,828,221
2009	$818,781,566	$16,441,272	$30,523,203	$10,527,153	$32,130,596	$908,403,790
2010	$854,573,317	$16,803,072	$29,916,471	$11,619,585	$30,409,340	$943,321,785
2011	$921,893,090	$17,742,173	$29,405,228	$10,205,355	$35,211,171	$1,014,457,017
2012	$923,869,182	$18,055,036	$29,607,919	$12,339,834	$32,076,398	$1,015,948,369
2013	$1,031,717,190	$18,714,274	$27,313,596	$17,398,994	$28,894,193	$1,124,038,248





Retirees in the State of Oklahoma by County

Of the 54,581 pensioners and beneficiaries in the Teachers' Retirement System of Oklahoma, 89% or 48,529 remain state of Oklahoma residents. As such, benefit payments of approximately $940,360,466.97 this year alone went into the State's communities and businesses. Since money changes hands several times, the System's payments have a dramatic effect on the State's economy.

County	Recipients	Annual Payment
Adair	375	$7,637,948.30
Alfalfa	119	$2,408,477.28
Atoka	221	$4,058,791.88
Beaver	83	$1,500,687.59
Beckham	274	$5,456,375.84
Blaine	178	$3,260,506.65
Bryan	768	$15,510,446.48
Caddo	528	$9,536,468.92
Canadian	1,312	$25,176,406.12
Carter	666	$12,534,093.70
Cherokee	945	$19,613,261.71
Choctaw	233	$4,418,152.91
Cimarron	41	$709,097.61
Cleveland	3,068	$60,986,008.19
Coal	78	$1,401,836.52
Comanche	1,423	$27,913,733.00
Cotton	87	$1,662,452.12
Craig	200	$3,389,374.25
Creek	738	$14,077,119.09
Custer	524	$10,287,282.36
Delaware	408	$8,199,255.50
Dewey	129	$2,751,332.28
Ellis	59	$1,161,663.04
Garfield	735	$14,127,093.57
Garvin	419	$7,639,269.50
Grady	598	$11,255,083.28
Grant	75	$1,377,677.25
Greer	95	$1,991,058.07
Harmon	84	$1,557,398.50
Harper	78	$1,575,848.39
Haskell	233	$4,251,629.93
Hughes	190	$3,565,146.85
Jackson	380	$8,109,577.35
Jefferson	75	$1,426,684.36
Johnston	244	$4,645,158.96
Kay	597	$11,094,910.39
Kingfisher	209	$3,974,235.04
Kiowa	168	$3,039,436.23
Latimer	222	$3,683,606.80
Lefore	718	$13,728,560.91
Lincoln	405	$7,249,524.19
Logan	429	$7,654,410.20
Love	97	$1,990,904.41
Major	119	$2,234,502.19
Marshall	255	$4,933,830.08
Mayes	551	$10,920,437.37
Mcclain	541	$10,075,794.01
Mccurtain	577	$11,086,373.70
Mcintosh	394	$7,359,382.09
Murray	199	$4,062,431.49
Muskogee	1,178	$22,983,696.02
Noble	150	$2,788,710.89
Nowata	80	$1,382,081.13
Okfuskee	186	$3,224,595.97
Oklahoma	8,709	$171,191,817.78
Okmulgee	697	$12,641,483.51
Osage	193	$3,371,400.88
Ottawa	632	$10,713,875.09
Pawnee	183	$3,185,455.56
Payne	2,020	$38,492,833.27
Pittsburg	610	$11,755,026.58
Pontotoc	790	$15,360,688.15
Pottawatomie	829	$16,201,620.55
Pushmataha	188	$3,550,684.42
Roger Mills	74	$1,419,600.80
Rogers	901	$17,560,509.12
Seminole	358	$6,417,721.98
Sequoyah	600	$11,755,877.06
Stephens	585	$11,313,367.94
Texas	216	$3,885,668.87
Tillman	119	$2,232,288.92
Tulsa	6,397	$128,875,191.98
Wagoner	399	$8,153,448.97
Washington	624	$10,945,532.24
Washita	182	$3,356,715.75
Woods	250	$4,933,151.28
Woodward	235	$4,406,685.81
Total	**48,529**	**$940,360,466.97**

2013 Participating Employers

Public School Districts			
ACHILLE	BEGGS	BUFFALO VALLEY	CHEYENNE
ADA	BELFONTE	BURLINGTON	CHICKASHA
ADAIR	BENNINGTON	BURNS FLAT-DILL CITY	CHISHOLM
AFTON	BERRYHILL	BUTNER	CHOCTAW/NICOMA PARK
AGRA	BETHANY	BYARS	CHOUTEAU-MAZIE
ALBION	BETHEL	BYNG	CIMARRON
ALEX	BIG PASTURE	CACHE	CLAREMORE
ALINE CLEO	BILLINGS	CADDO	CLAYTON
ALLEN	BINGER-ONEY	CALERA	CLEORA
ALLEN-BOWDEN	BISHOP	CALUMET	CLEVELAND
ALTUS	BIXBY	CALVIN	CLINTON
ALVA	BLACKWELL	CAMERON	COALGATE
AMBER-POCASSET	BLAIR	CANADIAN	COLBERT
ANADARKO	BLANCHARD	CANEY	COLCORD
ANDERSON	BLUEJACKET	CANEY VALLEY	COLEMAN
ANTLERS	BOISE CITY	CANTON	COLLINSVILLE
ARAPAHO-BUTLER	BOKOSHE	CANUTE	COMANCHE
ARDMORE	BOONE-APACHE	CARNEGIE	COMMERCE
ARKOMA	BOSWELL	CARNEY	COPAN
ARNETT	BOWLEGS	CASHION	CORDELL
ASHER	BOWRING	CATOOSA	COTTONWOOD
ATOKA	BRAGGS	CAVE SPRINGS	COVINGTON-DOUG
AVANT	BRAY-DOYLE	CEMENT	COWETA
BALKO	BRIDGE CREEK	CENTRAL	COYLE
BANNER	BRIGGS	CENTRAL HIGH	CRESCENT
BARNSDALL	BRISTOW	CHANDLER	CROOKED OAK
BARTLESVILLE	BROKEN ARROW	CHATTANOOGA	CROWDER
BATTIEST	BROKEN BOW	CHECOTAH	CRUTCHO
BEARDEN	BRUSHY	CHELSEA	CUSHING
BEAVER	BUFFALO	CHEROKEE	CYRIL

DAHLONEGAH	ENID	GLENPOOL	HENNESSEY
DALE	ERICK	GLOVER	HENRYETTA
DARLINGTON	EUFAULA	GOODWELL	HILLDALE
DAVENPORT	FAIRLAND	GORE	HINTON
DAVIDSON	FAIRVIEW	GRACEMONT	HOBART
DAVIS	FANSHAWE	GRAHAM-DUSTIN INDEPENDENT DISTRICT	HODGEN
DEER CREEK	FARGO	GRAND VIEW	HOLDENVILLE
DEER CREEK-LAMONT	FARRIS	GRANDFIELD	HOLLIS
DENISON	FELT	GRANDVIEW	HOLLY CREEK
DEPEW	FLETCHER	GRANITE	HOMINY
DEWAR	FLOWER MOUND	GRANT	HOOKER
DEWEY	FOREST GROVE	GREASY	HOWE
DIBBLE	FORGAN	GREENVILLE	HUGO
DICKSON	FORT COBB-BROXTON	GROVE	HULBERT
DOVER	FORT GIBSON	GROVE	HYDRO-EAKLY
DRUMMOND	FORT SUPPLY	GUTHRIE	IDABEL
DRUMRIGHT	FORT TOWSON	GUYMON	INDIAHOMA
DUKE	FOX	GYPSY	INDIANOLA
DUNCAN	FOYIL	HAILEYVILLE	INOLA
DURANT	FREDERICK	HAMMON	JAY
DUSTIN	FREEDOM	HANNA	JENKS
EAGLETOWN	FRIEND	HARDESTY	JENNINGS
EARLSBORO	FRINK-CHAMBERS	HARMONY	JONES
EDMOND	FRONTIER	HARRAH	JUSTICE
EL RENO	GAGE	HARTSHORNE	JUSTUS-TIAWAH
ELDORADO	GANS	HASKELL	KANSAS
ELGIN	GARBER	HAWORTH	KELLYVILLE
ELK CITY	GEARY	HAYWOOD	KENWOOD
ELMORE CITY	GERONIMO	HEALDTON	KEOTA
EMPIRE	GLENCOE	HEAVENER	KETCHUM

Public School Districts (continued)

KEYES	LOWREY	MILLWOOD	OAKS MISSION
KEYS	LUKFATA	MINCO	OILTON
KEYSTONE	LUTHER	MOFFETT	OKARCHE
KIEFER	MACOMB	MONROE	OKAY
KILDARE	MADILL	MOORE	OKEENE
KINGFISHER	MANGUM	MOORELAND	OKEMAH
KINGSTON	MANNFORD	MORRIS	OKLAHOMA CITY
KINTA	MANNSVILLE	MORRISON	OKLAHOMA UNION
KIOWA	MAPLE	MOSELEY	OKMULGEE
KONAWA	MARBLE CITY	MOSS	OKTAHA
KREBS	MARIETTA	MOUNDS	OLIVE
KREMLIN-HILLSDALE	MARLOW	MOUNTAIN VIEW-GOTEBO	OLUSTEE
LANE	MARYETTA	MOYERS	OOLOGAH TALALA
LATTA	MASON	MULDROW	OPTIMA
LAVERNE	MAUD	MULHALL-ORLANDO	OSAGE
LAWTON	MAYSVILLE	MUSKOGEE	OSAGE HILLS
LEACH	MCALESTER	MUSTANG	OWASSO
LEEDEY	MCCORD	NASHOBA	PADEN
LEFLORE	MCCURTAIN	NAVAJO	PANAMA
LEXINGTON	MCLOUD	NEW LIMA	PANOLA
LIBERTY	MEDFORD	NEWCASTLE	PAOLI
LIBERTY	MEEKER	NEWKIRK	PAULS VALLEY
LINDSAY	MERRITT	NINNEKAH	PAWHUSKA
LITTLE AXE	MIAMI	NOBLE	PAWNEE
LOCUST GROVE	MID-DEL	NORMAN	PEAVINE
LOMEGA	MIDDLEBERG	NORTH ROCK CREEK	PECKHAM
LONE GROVE	MIDWAY	NORWOOD	PEGGS
LONE STAR	MILBURN	NOWATA	PERKINS TRYON
LONE WOLF	MILFAY	OAK GROVE	PERRY
LOOKEBA-SICKLES	MILL CREEK	OAKDALE	PIEDMONT

Public School Districts (continued)

PIONEER	ROCKY MOUNTAIN	SOUTH COFFEYVILLE	THACKERVILLE
PIONEER-PLEASANT VALE	ROFF	SOUTH ROCK CREEK	THOMAS-FAY-CUSTER UNIFIED
PITTSBURG	ROLAND	SPAVINAW	TIMBERLAKE INDEPENDENT
PLAINVIEW	RUSH SPRINGS	SPERRY	TIPTON
PLEASANT GROVE	RYAL	SPIRO	TISHOMINGO
POCOLA	RYAN	SPRINGER	TONKAWA
PONCA CITY	SALINA	STERLING	TULSA
POND CREEK	SALLISAW	STIDHAM	TUPELO
PORTER CONSOLIDATED	SAND SPRINGS	STIGLER	TURKEY FORD
PORUM	SAPULPA	STILLWATER	TURNER
POTEAU	SASAKWA	STILWELL	TURPIN
PRAGUE	SAVANNA	STONEWALL	TUSHKA
PRESTON	SAYRE	STRAIGHT	TUSKAHOMA
PRETTY WATER	SCHULTER	STRATFORD	TUTTLE
PRUE	SEILING	STRINGTOWN	TWIN HILLS
PRYOR	SEMINOLE	STROTHER	TYRONE
PURCELL	SENTINEL	STROUD	UNION
PUTNAM CITY	SEQUOYAH	STUART	UNION CITY
QUAPAW	SHADY GROVE	SULPHUR	VALLIANT
QUINTON	SHADY POINT	SWEETWATER	VANOSS
RATTAN	SHARON MUTUAL	SWINK	VARNUM
RAVIA	SHATTUCK	TAHLEQUAH	VELMA ALMA
RED OAK	SHAWNEE	TALIHINA	VERDEN
REYDON	SHIDLER	TALOGA	VERDIGRIS
RINGLING	SILO	TANNEHILL	VIAN
RINGWOOD	SKELLY	TECUMSEH	VICI
RIPLEY	SKIATOOK	TEMPLE	VINITA
RIVERSIDE	SMITHVILLE	TENKILLER	WAGONER
ROBIN HILL	SNYDER	TERRAL	WAINWRIGHT
ROCK CREEK	SOPER	TEXHOMA	WALTERS

Public School Districts (continued)			
WANETTE	WOODLAND	NORTHEAST	ROSE STATE COLLEGE
WAPANUCKA	WOODWARD	NORTHWEST	SE OKLA STATE UNIV
WARNER	WRIGHT CITY	PIONEER	SEMINOLE STATE COLLEGE
WASHINGTON	WYANDOTTE	PONTOTOC	SW OKLA STATE UNIV
WATONGA	WYNNEWOOD	RED RIVER SCHOOL	TULSA COMMUNITY COLLEGE
WATTS	WYNONA	SOUTHERN OKLAHOMA	UNIV CENTER AT PONCA CITY
WAUKOMIS	YALE	SOUTHWEST	UNIV OF CENTRAL OKLA
WAURIKA	YARBROUGH	TRI COUNTY	UNIV OF OKLA
WAYNE	YUKON	TULSA	UNIV OF SCIENCES & ARTS
WAYNOKA	ZANEIS	WES WATKINS	W OKLA STATE COLLEGE
WEATHERFORD	ZION	WESTERN	
WEBBERS FALLS			**Other Entities**
WELCH	**Career and Technology Centers**	**Colleges and Universities**	ATOKA/COAL INTERLOCAL
WELEETKA	AUTRY	CAMERON UNIV	BOARD OF PRIVATE VOC SCHOOLS
WELLSTON	CADDO-KIOWA	CARL ALBERT STATE COLLEGE	BOARD OF REGENTS FOR HIGHER ED
WESTERN HEIGHTS	CANADIAN VALLEY	CONNORS STATE COLLEGE	BOARD OF REGENTS OF OK COLLEGE
WESTVILLE	CENTRAL OKLAHOMA	EAST CENTRAL STATE	C C O S A
WETUMKA	CHISHOLM TRAIL	EASTERN OKLA STATE COLLEGE	CAREER TECH
WEWOKA	EASTERN OKLAHOMA CO	LANGSTON UNIV	CHOCTAW NATION INTERLOCAL COOP
WHITE OAK	FRANCIS TUTTLE	MURRAY STATE COLLEGE	COMMISSION ON TEACHERS PREP
WHITE ROCK	GORDON COOPER	N OKLA COLLEGE	DEBORAH BROWN
WHITEBEAD	GREAT PLAINS	NE OKLA A&M COLLEGE	DEPT OF CORRECTIONS
WHITEFIELD	GREEN COUNTRY	NE STATE UNIV	DEPT OF EDUCATION
WHITESBORO	HIGH PLAINS	NW OKLA STATE UNIV	DEPT OF REHAB SERVICE
WICKLIFFE	INDIAN CAPITOL	OKC COMMUNITY COLLEGE	EPIC CHARTER
WILBURTON	KIAMICHI	OKLA PANHANDLE ST UNIV	FIVE STAR INTERLOCAL
WILSON	MERIDIAN	OKLA STATE UNIV	HARDING CHARTR PREP
WILSON	METRO TECH	OU HEALTH SCIENCES	HARDING FINE ARTS CENTER
WISTER	MID-AMERICA	REDLANDS COMM. COLLEGE	INDEPENDENCE CHRTR MIDL SCHOOL
WOODALL	MOORE-NORMAN	ROGERS STATE UNIV	KIPP REACH COLLEGE PREP

Public School Districts (continued)

KIPP TULSA COLLEGE PREP			
OKLA EDUCATION ASSOCIATION			
OKLA SCHOOL OF SCIENCE & MATH			
OKLA STUDENT LOAN AUTH			
OMES			
OSAGE COUNTY INTERLOCAL COOP			
QUARTZ MOUNTAIN			
S E OKLA INTERLOCAL COOP			
S E OKLA INTERLOCAL COOP			
STREET SCHOOL			
TEACHERS RETIREMENT SYSTEM			
TRI-COUNTY INTERLOCAL CO-OP			
TULSA SCHOOL OF ARTS& SCIENCES			
UNIVERSITY CENTER OF SOUTHERN OKLA			
WESTERN VILLAGE CHARTER SCHOOL			