

Fiscally Fit

News from the Controller

October 2016



- WILAM Spotlight – Leah Gentry
- Financial Tip of the Month- Overcoming Your 5 Biggest Retirement Challenges
- Training Opportunities
- GSA Federal Per Diem Rate Changes
- AIRS-Banner Uploads
- Recently Awarded Contract
- Wire Transfer Fees
- OK Corral Tips & Tricks
- Using Thin Client vs. Interactive Client
- Scholarships & Student Aid Costs on Grants & Contracts

[Bursar](#)

[FIM](#)

[Purchasing](#)

[University Accounting](#)

[Payroll](#)

[Risk/Property Management](#)

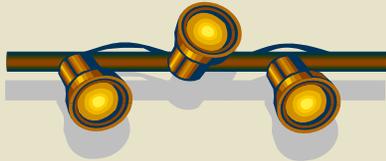
[Grants and Contracts](#)

**Office of the
Associate Vice President
and Controller**



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WILAM Spotlight



**Leah Gentry
Buyer II**

**Start date: June 13, 2016
Department: Purchasing**

Responsibilities

- Food, Fleet/Auto, Hotel, Travel, Freight/Mailing, Sub-Awards, Custodial/Grounds

Previous Experience

- Stephen F. Austin State University, Contracting Specialist/Buyer

Education

- B.S. Health, Oklahoma State University
- M.Ed. Sport Administration, Wichita State University

Other interesting facts about you

- Former Cowgirl basketball player
- Favorite OSU tradition is Homecoming walk-around
- Daughter wants to be Pistol Pete or Bullet for Halloween and her favorite color is orange!

Each month one person will be randomly selected to spotlight as our WILAM Spotlight Employee. **If you haven't turned your form in yet, please submit it to Lynette Rhea, lynette.rhea@okstate.edu . Forms can be found [here](#).**



Financial Tip of the Month

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Overcoming Your 5 Biggest Retirement Challenges

While saving for retirement is important, so is your plan of action once you enter retirement. Here are 5 post-retirement challenges to consider.

You've spent much of your career accumulating enough assets for retirement. You've participated in a retirement plan or perhaps you've even established an IRA or other account specifically earmarked for retirement.

But now, as retirement approaches, however, your focus must change. No matter how well you save during the accumulation phase, it's critical to plan how you convert those assets to income.

Other than Social Security, many retirees have no source of guaranteed income other than retirement savings. Unlike previous generations, you may not be covered by a pension plan at work, so chances are you're going to have to rely on your own efforts to overcome the following five challenges:

Challenge #1: Longevity

According to a study conducted by the Society of Actuaries in 2015, a 55-year old man has a 76% chance of reaching age 90, while a woman of the same age has an 82% chance. What's more, the probability that at least one of them will reach age 90 is 96%.

What this means is that you may very well spend as many years in retirement as you did during your career. That means generating



Overcoming Your 5 Biggest Retirement Challenges - continued

enough income to meet day-to-day expenses for possibly 30 years or more - an especially daunting challenge in an environment where few sources of guaranteed income are available to you.

Challenge #2

While we can't predict or prevent market swings, market swings and "Black Swan" events are always a possibility. Black Swan events are best described as earthquakes and tsunamis, 9/11, and the real estate bubble that led to the Financial Crisis. In short, Black Swan events are those that defy our ability to predict them.

When they occur, they can have a profound impact on financial markets. These days, trading is often conducted electronically at lightning fast speeds among numerous participants around the world. In addition, trading doesn't stop when the market closes and the advent of social media has accelerated the speed at which decisions are made. Put it all together and the climate is conducive to greater volatility than we've experienced in the past.

Challenge #3

Inflation is the rate at which the prices of goods increase on an annual basis. It's hard to believe, but on January 1, 1981, the U.S. inflation rate was a whopping 13.9%. Fortunately, in recent years it's been hovering between 1% and 3%, but even today's relatively low rate can have a harmful effect on your purchasing power over time.

For example, \$1,000 today will only be able to purchase \$552 in goods 30 years from now with a 2% annual inflation rate. With a 3% rate, that \$1,000 will only buy you \$412 worth of goods. And if inflation goes up to 5% or 6%, the results could be far more drastic.



Overcoming Your 5 Biggest Retirement Challenges - continued

For many retired people, higher inflation is especially difficult because they may be living on a fixed income that can't support rising costs. In addition, many of the goods and services most often used by retirees are already experiencing greater-than-average price inflation.

Challenge #4: Taxation

If you're in a high tax bracket, you have to be especially aware of how your assets are invested. Many hedge funds and mutual fund managers, for example, fail to consider taxes when they're seeking profits. Portfolio turnover can be high and short-term capital gains, which are taxed as ordinary income, are often generated in abundance.

Mutual funds may also throw off what is sometimes called "phantom income." These are distributions of dividends and/or capital gains that are reinvested in additional fund shares. You never really see them, but you're taxed on them anyway. In fact, many investors find themselves paying taxes on capital gains distributions even while their fund shares have declined in value for the year.

Challenge #5: Leaving a Legacy to Loved Ones

For many Americans, even if they have enough income to comfortably meet retirement expenses, leaving a legacy is still a primary concern, particularly as it relates to estate taxes. Federal estate tax alone can reduce the legacy you hope to leave someday by as much as 40%. Depending on which state you live in, erosion can be even more profound.

What to Do in Retirement

Years ago, once in retirement, an oft-used strategy was to reallocate your portfolio from predominantly equities to predominantly fixed income and lived on the interest generated by their holdings.



Overcoming Your 5 Biggest Retirement Challenges - continued

With today's interest rates near record lows and life expectancies expanding, this strategy may no longer be viable.

One potential strategy is the 4% solution. By withdrawing 4% a year from your retirement assets, you aim to avoid depleting your nest egg for approximately 25 years. The 4% comes from a statistical analysis technique called Monte Carlo simulations. This strategy, however, is not foolproof. There's always the chance that you could live longer than 25 years and run out of money at age 90 or so.

In a time when guaranteed retirement income for most people is limited to Social Security, this 4% Solution may not be viable for every investor. Certainly, it offers a number of benefits. You can invest in whatever you want and withdraw more than 4% on occasion, if your investments are performing well. But will you have the discipline to reduce withdrawals in years when the market declines? And will you be lucky enough to avoid losses in the early years of your retirement?

Identify Sources of Guaranteed Income

Another idea that might make sense for at least part of your retirement nest egg is variable annuities. Issued by insurance companies, variable annuities offer a variety of professionally managed investment options. Like a 401(k) plan or IRA, assets in a variable annuity grow tax-deferred until they are withdrawn by the contract owner.

When the time comes to retire, you can elect to receive life contingent income distributions. Depending on the specifics of the rider you select, you may be able to receive income that is guaranteed to last for as long as you live.

Variable annuities may be a valuable tool, but they aren't necessarily the right one for every retiree.



Training Opportunities

OK Corral Training

OK Corral Training 403 CLB 1:30 - 3:30 11/21/16

Procurement Basics-Why is Purchasing Important

Procurement Basics 126 ITLE 9:00 - 12:00 12/13/16

Banner

Emphasis on Grants 413 SU 10:00 – 11:30 10/25/16



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GSA Federal Per Diem Rate Changes – Effective October 01, 2016

The Government Services Administration (GSA) has posted revisions to the per diem rates for travel which are effective October 1, 2016. For Oklahoma, the meals and incidental rates did not change; however, the lodging rate decreased in the two "high-rate" areas of Oklahoma City and Enid. The Standard Rate lodging areas increased.

Fed-2016 Rates (10/1/15-9/30/16)			(NEW) Fed-2017 Rates (10/1/16-9/30/17)		
	Lodging	Per Diem	Lodging	Per Diem	
Standard	\$89	\$51	<u>\$91</u>	\$51	(Lodging increased)
Enid	\$111	\$59	<u>\$103</u>	\$59	(Lodging decreased)
Oklahoma City	\$98	\$59	<u>\$97</u>	\$59	(Lodging decreased)

This rate change is effective for travel occurring October 1, 2016, and after, which is the start of the federal fiscal year (FY) 2017. These new rates can be viewed or downloaded at the GSA website: www.gsa.gov/perdiem.





AIRS – Banner Uploads

The Banner Uploads program is a mechanism to load files containing accounts receivable (AR) transactions into Banner. A report will be eventually available in AIRS of the invalid transactions that will need to be corrected in a new batch or manually in Banner.

Users must be given access to this program in AIRS, and a user profile must be set up in Banner to grant access to the category for the detail codes that are used in the upload file. Request access by emailing finance.im@okstate.edu

The files must be in the Banner AR Upload Layout as a text file, you can find the layout out at the following location:

<http://bursar.okstate.edu/sites/default/files/documents/banner/Banner%20AR%20Upload%20Layout.xlsx>.

Each file uploaded must have a unique file name to prevent duplicate files from being processed. *If you have more than one file in a day, the file name must be different.*

When the file is uploaded, the following information will be validated by transaction:

- User has access to the VPDI code
- User has access to the detail code
- User has access to process debits and/or credits for the detail code
- Term is valid
- Amount is valid
- Banner ID is valid

The application will process each transaction that is valid and return a list of error transactions along with the reason the transaction is not valid.

Transactions that are invalid will need to be corrected (outside of the AIRS process) and uploaded in a separate file (different file name if the same day) or entered manually within Banner (this requires additional security access).



Recently Awarded Contract

Oklahoma State University recently selected two vendors to provide web services for the OSU system. New City, LLC and Interworks have been approved to work on web projects that meet OSU's web standards and templates. These two companies have experience in many facets of web architecture, design and web content strategy. Departments and organizations may utilize this contract for web services through OK Corral. OSU Communications is coordinating the use of these vendors. For questions, contact Megan Horton at megan.horton@okstate.edu or 405-744-9074.

Wire Transfer Fees

It is no longer necessary to include wire transfer fees on a requisition. Instead, the purchase order should be prepared for the actual amount owed to the vendor. No change orders will be necessary. Accounting will add the wire fee to the amount of the manual invoice that is keyed in Banner to produce the check to the bank.

It is important that departments make a comment in OK Corral to bring it to the attention of University Accounting that a wire payment is needed and to provide the bank routing information. Accounting will take the necessary steps to process the payment as a wire transfer and add the fee.



Purchasing

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OK CORRAL Tips and Tricks

To choose a different fulfillment center for your vendor, use the steps below:

1. When filling out your non-catalog item or other form, select your supplier. Then, click on "select different fulfillment center". Note: If the "select different fulfillment center" is not present, then the supplier does not have multiple fulfillment centers.
2. Choose the fulfillment center from the list that appears.
3. The new fulfillment center should now show in the supplier information.
4. Proceed with your item as normal.

For an illustrated step-by-step guide of this process [click here](#).

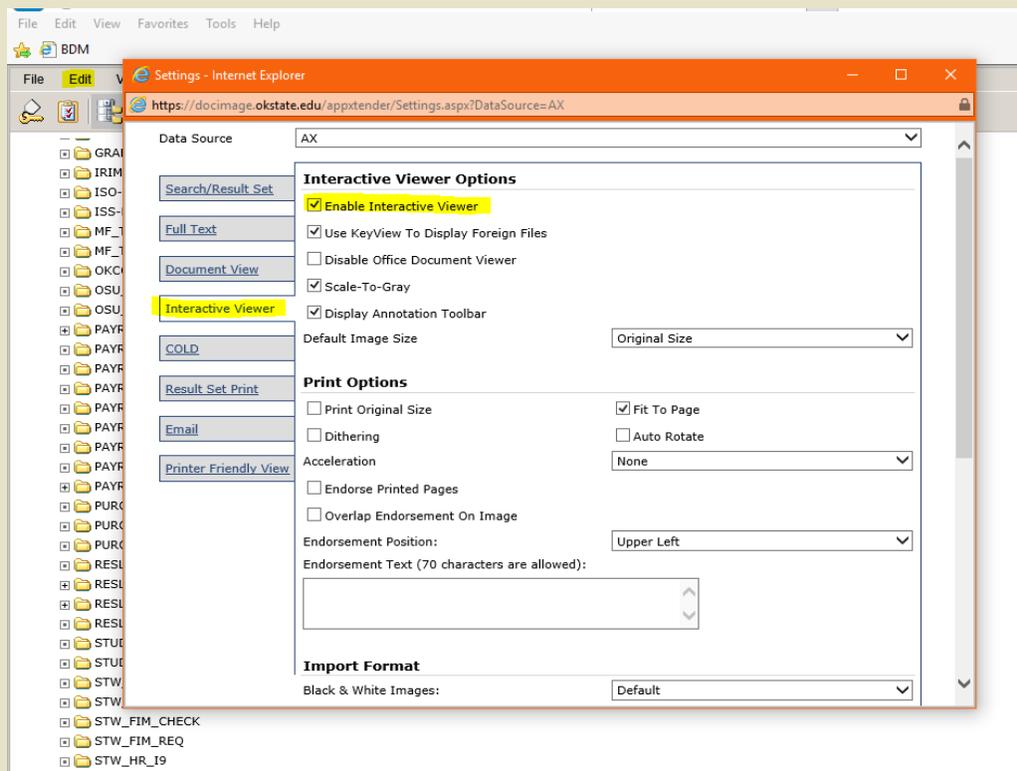


Using Thin Client vs. Interactive Client

Computers do not need to have the Active X add-on installed on them if the user chooses to ONLY VIEW documents. Also, if just viewing (no printing, annotating, etc.) other browsers can be used – Mozilla, Chrome, etc.

Before opening in a browser other than Internet Explorer, the interactive viewer needs to be turned off by following these steps:

- Application List screen, select Edit then User Settings.
- Select the "Interactive Viewer" Tab
- To turn off Interactive Viewer, deselect (make sure there is not a checkmark in the box).
- Remember to scroll to the bottom and select SAVE.



<https://docimage.okstate.edu/appxtender/Settings.aspx?DataSource=AX>



Scholarships and Student Aid Costs on Grants and Contracts

Under 2 CFR 200.466 allows for the costs of scholarships and other types of student to be charged to federal grants and contracts. As stated:

- (a) Costs of scholarships, fellowships, and other programs of student aid at Institutions of Higher Education (IHE) are allowable only when the purpose of the Federal award is to provide training to selected participants and the charge is approved by the Federal awarding agency. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that:
 - (1) The individual is conducting activities necessary to the Federal award;
 - (2) Tuition remission and other support are provided in accordance with established policy of the IHE and consistently provided in a like manner to students in return for similar activities conducted under Federal awards as well as other activities; and
 - (3) During the academic period, the student is enrolled in an advanced degree program at a non-Federal entity or affiliated institution and the activities of the student in relation to the Federal award are related to the degree program;
 - (4) The tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and
 - (5) It is the IHE's practice to similarly compensate students under Federal awards as well as other activities.



Scholarships and Student Aid costs on Grants and Contracts -continued

(b) Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages must be subject to the reporting requirements in § 200.430 Compensation—personal services, and must be treated as direct or indirect cost in accordance with the actual work being performed. Tuition remission may be charged on an average rate basis.

When approved by the funding agency, OSU charges tuition remission to grants/contracts on an average rate basis. The rate is determined annually based upon a ratio of resident tuition waiver dollars to the salary paid to the Graduate Research Assistants.

Ref: 2 CFR 200.466 and Annual GRA Rate Announcement Letter



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