

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
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MEMORANDUM

DATE: February 4, 2005

TO: OPERS Retirement Board

FROM: Julie Reneau, Director of Benefits
Bill Damsel, Assistant Director - Defined Contribution

RE: **V. Discussion Items:**
A. Financial Planning Program Update

Enclosed are the slides for the OPERS Financial Planning Program Update to be presented at the February 2005 Board meeting.

This presentation will update the Board members who participated in the Strategic Planning Retreat in July 2004. It will also provide an introduction of the OPERS Financial Planning Program to the new Board members.

Your feedback and direction will help us to develop a financial planning program that is consistent with the strategic goals of the Board and to select a service provider that meets the needs of our members and retirees.



OPERS Financial Planning Program Update

February 4, 2005



Timeline for Financial Planning Program

- **July 2003-** Strategic Planning Retreat- Requested by Board to research other retirement systems and service providers offering financial planning services
- **June 2004-** Conducted member and retiree survey
- **July 2004-** Strategic Planning Retreat- Presented research findings and survey results
- **November 2004-** Budget approved by Board
- **December 2004-** Developed *draft* of Philosophy & Guiding Principles
- **January 2005-** Developed outline of services to be offered for upcoming RFP
- **February 2005-** Seek further Board direction



Key Points for Board Consideration

- Program is low cost to OPERS and members/retirees
- Calculator for estimating out-of-pocket health care expenses should be a feature of the program
- Prudent monitoring and oversight procedures are an integral part of the Financial Planning Program
- Staff to seek variety of proposals and ideas from experienced service providers and present best ideas to the Board for further RFP development



Potential Financial Planning Service Offerings

Retirement Planning—Plan to reach retirement goals

Health Care Planning--Estimate out-of-pocket costs

Estate Planning--Plan to distribute property and lower taxes

Tax Planning--Plan to minimize taxes

Insurance Planning--Review insurance needs

Spending Analysis--How to reduce debt and establish a budget

Education Funding--Strategy for college savings

Other Financial Goals--How to save for a home, car, etc.

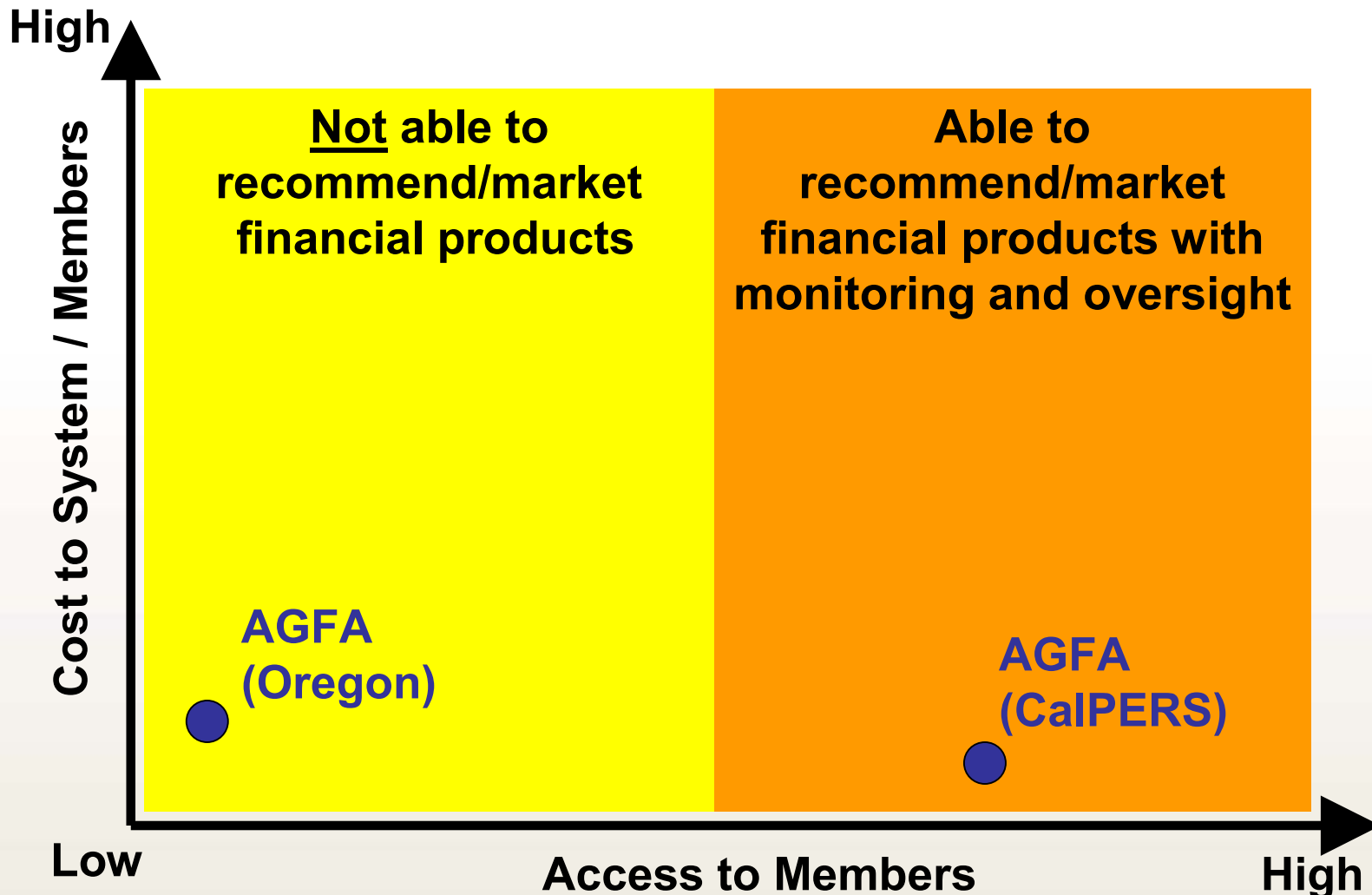


Organizations Offering Financial Planning Services

<u>Education</u> (Help members manage system benefits & investments)	<u>Education</u> (Help members manage outside finances & investments)	<u>Guidance</u> (Help members manage DC accounts - investor profile, pre-mixed portfolios, etc.)	<u>Financial Planning & Education</u> (Financial planning and advice on a variety of financial goals)	<u>Managed Accounts</u> (Managed by investment professional)
OPERS OPEDCP STRS OH CalPERS Many Others	OPERS OPEDCP STRS OH CalPERS Many Others	OPERS OPEDCP STRS OH CalPERS Florida Michigan Oregon Many Others	CalPERS Florida Michigan Oregon NY State Teachers Others	Some private orgs: Motorola J.C. Penney Apple Comp. Others



Costs and Access to Members





Results of OPERS Financial Planning Survey



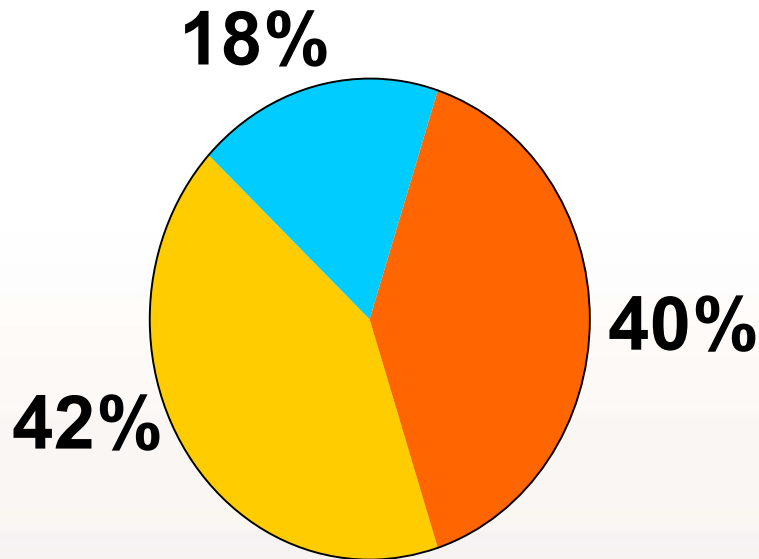
Survey Methodology

- Mail survey conducted in 2004
- Sample of active members and retirees
 - 511 completed surveys by members
 - 581 completed surveys by retirees



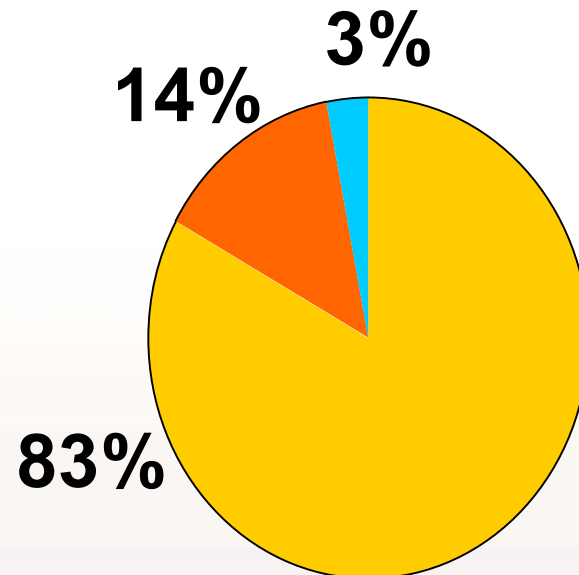
Members Were Asked...

Interested in Professional Financial Planning?



- Very Interested
- Neutral
- Not Interested

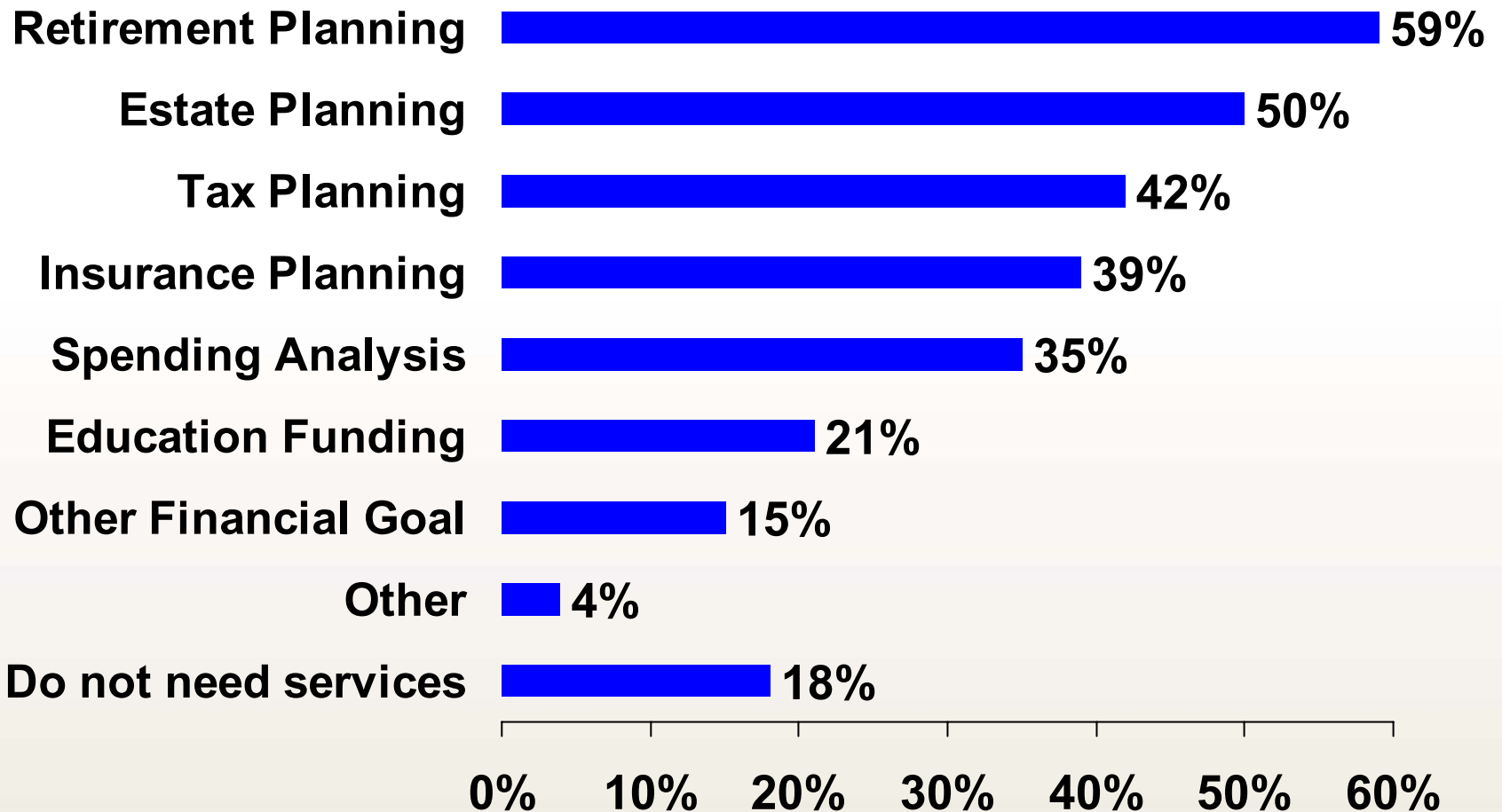
Should OPERS Offer Financial Planning Services?



- Yes
- Don't Know/Refused
- No



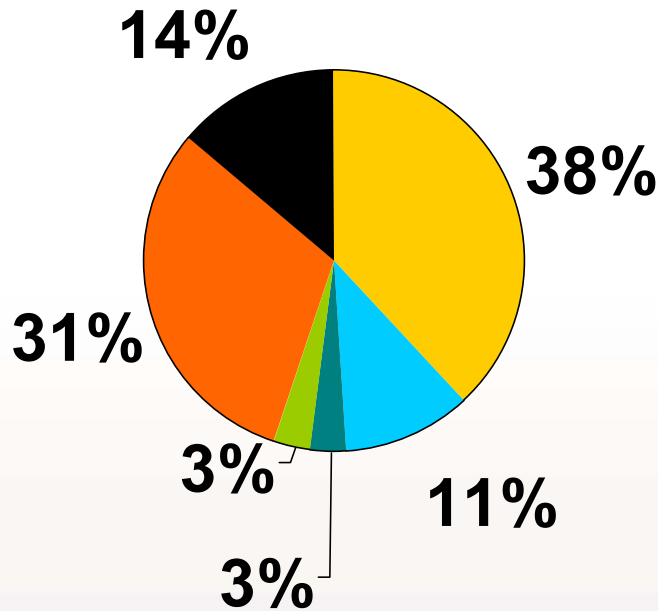
Financial Planning Services of Interest



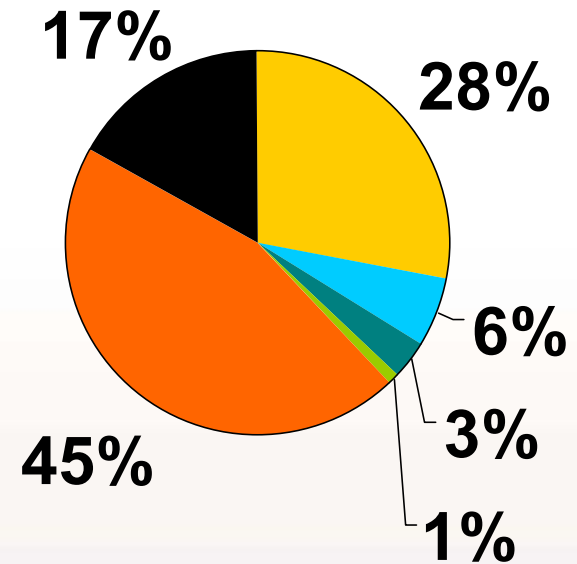


Amount Members Willing to Pay...

For One Financial Planning Service



Annually for Unlimited Services



- | | | |
|--------------------|----------------------|---------------------|
| ■ \$25.00-\$49.99 | ■ None of the above | ■ \$100.00-\$149.99 |
| ■ \$50.00-\$74.99 | ■ Don't Know/Refused | ■ \$150.00-\$199.99 |
| ■ \$75.00-\$99.99 | | ■ \$200.00-\$249.99 |
| ■ \$100.00 or more | | ■ \$250.00 or more |



Potential Benefits of Financial Planning Services

- OPERS is responsive to our members' needs
- Financial planning empowers members to better prepare for retirement
- Members learn the importance of supplementing retirement savings
- By leveraging our large member base, members receive personalized, comprehensive financial planning services at minimal cost



Next Steps

- Issue RFI to gather information
- Options back to OPERS Board for direction
- Issue RFP