



## INDEPENDENT ACTUARY REPORTS OPERS' DB FUND TOPS ASSUMED RATE OF RETURN OVER PAST TEN YEARS

Over the past few years, a number of reports have focused on public retirement systems' assumed rates of return on their investments. Although market performance has been sometimes volatile in the last several years, the Ohio Public Employees Retirement System's Defined Benefit Fund outperformed its actuarial rate of return over the past 10 years.

A representative of the actuarial firm Milliman told the Ohio Retirement Study Council ("ORSC") at its April meeting that OPERS' defined benefit fund returned 8.2 percent for the 10-year period ended Dec. 31. OPERS uses an assumed rate of return of 8.0 percent for the DB fund.

San Francisco-based Milliman provides an ongoing, semiannual study of investment performance of the state's five public pension funds. The study said that equaling or besting the actuarial rate is "of primary importance" and because pension systems invest over long time horizons, "more emphasis should be placed on evaluating performance over longer holding periods."

The consultant said each of the state's systems fared well in the markets and noted that the funds generally performed very well in comparison with other public pension funds. "Compared to the universe of other public funds, the results are very strong," Milliman said.

OPERS' Defined Benefit Fund's investment performance not only beat the actuarial rate over the past decade, it topped its own policy benchmark. The fund returned 9.4 percent over three years (benchmark: 8.9 percent), 14.5 over one year (15.3 percent), and 8.0 percent (7.2 percent) in the second half of 2012. However, as long term investors, the key measure OPERS follows is

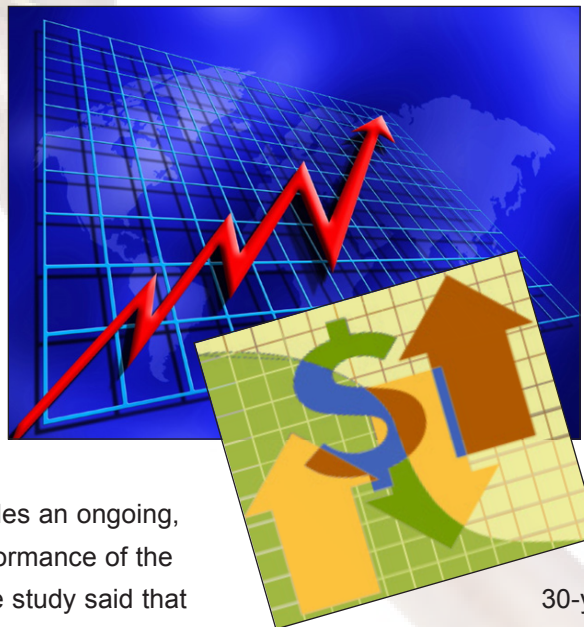
the 30 year return and that is 8.55 percent.

Milliman's report continued a string of positive actuarial outlooks on OPERS.

Last year, the ORSC hired two actuaries – Pension Trustee Advisors and KMS Actuaries – to review the redesign plans of the state's public pension systems. When they presented their reviews of the OPERS

30-year plan in July, the consultants commended OPERS' "comparatively strong funded status" and indicated that our pension redesign proposal was substantial and on target.

OPERS' redesign proposal was subsequently passed unanimously by the Ohio General Assembly as Substitute SB 343 (Niehaus/Kearney) and signed by the Governor in September 2012.



## OPERS OFFERS EDUCATION ON HEALTH CARE UPDATE

The Ohio Public Employees Retirement System updated its educational tools to help members plan for upcoming health care changes.

In March, OPERS decided to delay full implementation of the new retiree health care program to give members and retirees more time to prepare. While many changes still begin on Jan. 1, 2014, key facets such as eligibility rules and the allowance transition, won't go into effect until a year later.

Members can take advantage of the many webinars and seminars offered by OPERS to learn more about the health care program. The Education team created several informative ways to help members understand their pension benefits and health care coverage:

- In-person seminars: OPERS' Education staff conduct "Ready to Retire" seminars for those members who are in transition Groups A and B. The events include back-to-back pension and health care sessions and the opportunity to ask questions. "Education Now for Retirement Tomorrow" seminars are for those members of transition groups B and C. These sessions also include pension and health care components. We hold these seminars throughout the state. Please refer to the "Seminar Options" link under the Members section of our website ([www.opers.org](http://www.opers.org)) to see when we might be coming to your area.
- Webinars: Members may participate in live, weekly Web-based seminars that address health care issues for members and for retirees. These sessions, which require registration, allow members to ask questions during the presentation. There are two sets of webinars: Ready to Retire, on Thursdays, and retiree webinars,

on Tuesdays. Look under "Seminar Options" under the Members section of our website and follow the link to your group.

- Recorded presentations: Recent OPERS pension and health care changes are summarized in these presentations, which members and retirees can view at any time through our website (<https://www.opers.org/members/seminars/Changes%20for%20Active%20Members.shtml>) or check out our YouTube channel (<http://www.youtube.com/user/OhioPERS1>) for a series of videos describing different components of the health care changes. The presentations were updated with the latest news on health care.

We've also included a health care planning tool in the "Additional Information" section of our website's home page to assist Group A members and retirees.

### OPERS URGES OHIO GENERAL ASSEMBLY TO SUPPORT PASSAGE OF HCR 19

On Wednesday, May 22, OPERS' Executive Director, Karen Carraher, delivered testimony on behalf of Ohio's Retirement Systems in support of House Concurrent Resolution 19. This resolution urges the members of the Ohio Congressional Delegation to oppose mandatory Social Security coverage for Ohio's public employees. Mandating coverage of public employees would harm Ohio's Retirement Systems and will not solve the funding issues facing Social Security. By supporting this important resolution, you are helping us send a message to Congress that they should not jeopardize Ohio's five statewide Retirement Systems as a way to address Social Security.

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