

Navigating the **Future**



2013

Summary Annual Financial Report
For the year ended December 31, 2013



Ohio Public Employees Retirement System

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Tracking our progress: Statistics demonstrate OPERS is an important economic engine for all Ohio residents: The promise of a secure retirement enables employers to attract and retain quality employees—employees who provide important public-sector work such as transportation services, public health services, libraries, college and university administrative support and more.



Dear Fellow Members:

On behalf of the OPERS Board of Trustees and all OPERS staff, it's a pleasure to present this 2013 *Summary Annual Financial Report* for the fiscal year ended December 31, 2013. With the theme, *Navigating the Future*, this report clearly demonstrates our ongoing commitment to positively position this organization for the future as we continue the tradition of providing retirement security for our members. We are proud of the accomplishments of 2013—achieved through the dedicated teamwork of our staff, and augmented by the abundant support and feedback from you, our members. Here's an overview of accomplishments and results:

Implementation of pension change provisions: In September 2012, landmark pension legislation became law. This pension law was based on OPERS-recommended changes, developed after extensive analysis and widespread educational outreach to members. This legislation was recognized as an important component for OPERS to successfully navigate a rapidly changing future—and, due to extensive outreach, was actively supported by members and legislators.

Some provisions became effective in 2013, others will be implemented incrementally—a deliberate strategy decided upon to help minimize the impact of the changes on those closest to retirement and to allow OPERS to prepare for and actively communicate to members and stakeholders about the changes.

Health Care Preservation Plan 3.0: We recognize access to health care is an important component to financial security in retirement. We've worked to navigate through the ongoing national health care issues so that we could continue to provide a meaningful health care program. While OPERS has the largest health care trust fund in the U.S., we recognized the need for change to ensure sufficient health care funds would be available for current and future retirees. We charted a course to thoughtfully change the health care program to be both sustainable for the long term and to ensure a consistent level of coverage between generations. After careful review, and significant study, the OPERS Board of Trustees approved phased-in health care plan changes to attain those dual goals.

As a result of the changes to the health care program, current calculations indicate the health care fund has sufficient assets to provide coverage for a time period that matches the expected lives of all our members, a significant improvement over the 10-year solvency period estimated in 2012.

New financial reporting requirements: In 2012, the Government Accounting Standards Board issued two standards that would fundamentally change the accounting and financial reporting requirements for pension benefits. The required changes are significant, with extremely aggressive timelines. OPERS worked closely with affected public employers to deploy a test implementation in 2013 to ensure readiness by the implementation date. Due to the test, OPERS was able to develop educational and outreach materials for all 3,700 employer entities.

Outreach and education to help members navigate change: Members are our compass. We recognize most members are neither pension nor financial services experts—so we work to ensure each member's account is accurate and that all members are knowledgeable about their pension and, to a certain degree, about the business of pensions.

Our ongoing goal is to provide all members with the best possible outreach, education and communication. This is quite a challenge considering our target audience is made up of more than one million vastly different individuals.

We work to build relationships and to educate all members, employers, legislators and other stakeholders using many modes of communication—Internet, call centers, blogs, tweets, videos and ongoing print publications. Only by employing every possible avenue can we ensure our members understand all aspects of the benefits they have earned.

Our Way Forward: As prudent fiscal managers of public funds, the OPERS Board set a direction requiring management to work to contain administrative costs, while providing operational efficiencies and outstanding customer service. Our ongoing goal is to ensure members have complete information on both the pension and health care changes, so that each individual can make the right retirement decision. We have successfully delivered on that directive, working as a team on the Our Way Forward initiative throughout 2013. This project was carefully designed to maximize the use of current technology so that OPERS can successfully navigate the growing number of retirees by providing individualized financial information and superior, personalized, customer service—without a commensurate increase in staff.


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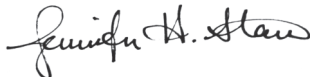
Navigating the future: Each year brings change and challenge; 2013 was not an exception. However, through planned and unexpected changes, the OPERS team was able to navigate the System with unwavering commitment—to our members, to our mission and to each other. Working together, the accomplishments of 2013 allowed us to continue to successfully navigate OPERS through the journey of 2013 and have helped us position this organization toward the future.

Change will continue. We know that. As a team, ably led by our Board of Trustees, we embrace the concept of ongoing change because we are confident we are equipped to navigate those changes. We know we must continue to look to the future and adjust our work, our goals and our expectations so that this organization can continue its tradition of honoring our stated mission. Our members can expect the best from OPERS because this team expects the best from each other.

Respectfully Submitted,


Karen E. Carraher, CPA
Executive Director


Blake W. Sherry
Chief Operating Officer


Jennifer H. Starr, CPA
Chief Financial Officer



From left to right: Jennifer Starr, Director of Finance; Karen Carraher, Executive Director; Blake Sherry, Chief Operating Officer

2013 Financial Summary

OPERS is a stable pension system. In 2013, our financial status was enhanced due to the landmark pension legislation, Board-approved health care changes, a strong investment market and stringent management of administrative costs. Consider:

- Funded status measures the progress of accumulating the funds necessary to meet our future obligations. OPERS' 2013 actuarial valuation shows a funded status of 82% and the expectation that the unfunded liability will be funded within 24 years—well within the 30-year window required by law and better than the 2012 actuarial valuation of 81% and 26 years.
- As of the 2012 health care actuarial valuation (the date of the latest study), OPERS was 64% funded with an expected solvency period sufficient to fund benefits for all future needs.

This *Summary Annual Financial Report* is derived from information contained in OPERS' *Comprehensive Annual Financial Report* for the years ended December 31, 2013 and 2012 (CAFR), but does not contain detailed financial information by plan, nor is it presented in a manner to conform to Generally Accepted Accounting Principles (GAAP). For a complete set of financial definitions included in this summary report please refer to OPERS' CAFR, which is prepared in conformity with GAAP and may be obtained by visiting our website at www.opers.org or by contacting OPERS to request a copy.

Additionally, those interested in learning more about OPERS' health care program are invited to obtain a copy of the OPERS 2013 *Health Care Report*. That report is also available online at www.opers.org as of June 30, 2014.

Summary Comparative Statements of Fiduciary Net Position

This statement shows the assets OPERS owns and the liabilities, or obligations, pending payment as of the date shown. The calculation of assets minus liabilities represents the funds that OPERS has accumulated to pay pension benefits and health care costs for our current retirees, active and inactive members.

	December 31, 2013	December 31, 2012	December 31, 2011	Amount of Change from 2012 to 2013	Percentage Change from 2012 to 2013
Assets					
Cash and Receivables	\$4,426,228,595	\$4,992,701,305	\$4,402,192,647	\$(566,472,710)	(11.35)%
Investments, at fair value	85,137,610,781	77,617,850,120	71,149,016,095	7,519,760,661	9.69
Collateral on Loaned Securities	6,958,964,420	6,827,172,458	10,401,223,945	131,791,962	1.93
Capital Assets (Net)	131,389,851	121,172,935	112,092,861	10,216,916	8.43
Prepaid Expenses and Other Assets	2,912,709	3,841,978	779,630	(929,269)	(24.19)
Total Assets	96,657,106,356	89,562,738,796	86,065,305,178	7,094,367,560	7.92
Liabilities					
Accounts Payable and Other Liabilities	159,053,712	182,002,586	200,462,272	(22,948,874)	(12.61)
Investment Commitments Payable	554,398,461	1,116,869,935	1,423,836,318	(562,471,474)	(50.36)
Obligations Under Securities Lending	6,953,717,885	6,816,672,766	10,410,130,422	137,045,119	2.01
Total Liabilities	7,667,170,058	8,115,545,287	12,034,429,012	(448,375,229)	(5.52)
Net Positions Held in Trust for Pension					
Benefits and Post-employment Health Care	\$88,989,936,298	\$81,447,193,509	\$74,030,876,166	\$7,542,742,789	9.26%

Summary Comparative Statements of Changes in Fiduciary Net Position

Below, you'll find the annual additions (income) and deductions (expenses) for the System. Investment earnings and contributions typically make up the majority of the income. Deductions are comprised primarily of benefit payments and refunds.

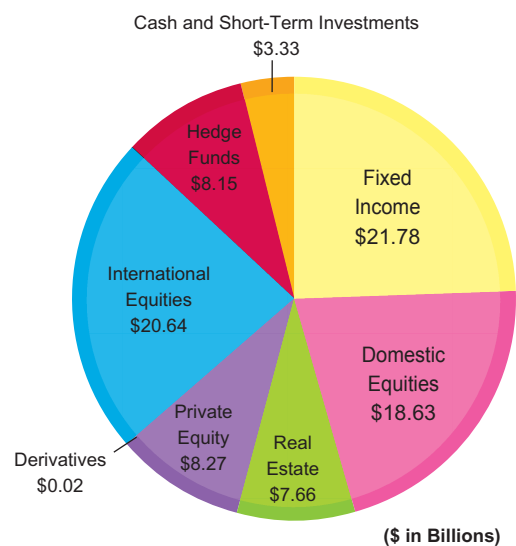
Investment returns were favorable in 2013. The System finished the year with a total return of 14.00%, compared to the benchmark of 13.78%.

Pension benefits and post-employment health care expenses continue to rise as the baby-boomer generation reaches normal retirement age. However, unlike the national trend of 4.0%, plan design changes approved by the Board of Trustees limited the growth in retiree and dependent health care expenses to only 2.2% even as quality access continued.

	December 31, 2013	December 31, 2012	December 31, 2011	Amount of Change from 2012 to 2013	Percentage Change from 2012 to 2013
Additions					
Member Contributions	\$1,458,086,045	\$1,426,415,134	\$1,434,755,544	\$31,670,911	2.22%
Employer Contributions	1,794,039,132	1,778,728,069	1,809,470,716	15,311,063	0.86
Net Investment Income	11,006,164,375	10,375,431,044	179,956,702	630,733,331	6.08
Other Income	383,127,051	429,924,781	425,298,672	(46,797,730)	(10.89)
Total Additions	14,641,416,603	14,010,499,028	3,849,481,634	630,917,575	4.50
Deductions					
Pension Benefits	4,931,491,707	4,590,938,871	4,329,918,267	340,552,836	7.42
Health Care	1,644,244,641	1,609,157,697	1,576,457,152	35,086,944	2.18
Refunds	441,284,204	307,486,279	323,672,042	133,797,925	43.51
Administrative Expenses and Other Deductions	81,653,262	86,598,838	80,178,697	(4,945,576)	(5.71)
Total Deductions	7,098,673,814	6,594,181,685	6,310,226,158	504,492,129	7.65
Net Increase (Decrease)	7,542,742,789	7,416,317,343	(2,460,744,524)	126,425,446	1.70
Net Positions Held in Trust for Pension					
Benefits and Post-employment Health Care:					
Beginning of Year	81,447,193,509	74,030,876,166	76,491,620,690	7,416,317,343	10.02
End of Year	\$88,989,936,298	\$81,447,193,509	\$74,030,876,166	\$7,542,742,789	9.26%

Investment Summary

OPERS' strength and stability relies on sound management practices and adhering to our established investment policies of asset allocation and diversification. As an institutional investor with an extremely long time horizon, we anticipate that all years will not post the returns of 2013. We manage our portfolios to minimize risk, reap gains, and guard as much as possible from losses. As such, OPERS' strongly diversified portfolios generally have less to gain from years of vigorous economic growth—but we also lose less when the economy is less-robust.



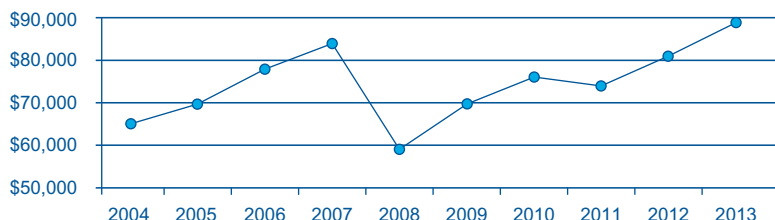
Year	Total Portfolio Return	Total Defined Benefit Return*	Total Health Care Return*	Total Defined Contribution Return**
2013	14.00%	14.38%	11.37%	20.45%
2012	14.40	14.54	13.72	13.37
2011	0.20	0.36	0.52	(2.59)
2010	13.90	13.98	13.53	13.74
2009	20.06	19.09	24.80	26.44
2008	(26.92)	(27.15)	(25.77)	(28.00)
2007	8.53	8.89	6.87	5.80
2006	14.66	15.05	12.78	12.96
2005	9.03	9.25	8.00	6.88
2004	12.49	12.50	N/A	9.73
2003	25.39	25.39	N/A	

* Prior to 2005, the Health Care assets were included in the Defined Benefit portfolio. In 2005, the Health Care assets were segregated from the Defined Benefit portfolio into a separate portfolio with portfolio-specific asset allocation and investment policies. Accordingly, defined benefit returns for 2004 and prior represent a composite of the Defined Benefit and Health Care assets.

** Defined Contribution plans commenced January 1, 2003, with a separate portfolio established in 2004.

OPERS' Net Assets

Here's the history of OPERS' total net assets. As of December 31, 2013, assets were approximately \$89 billion, exceeding the former high at December 31, 2007 of \$84 billion.



OPERS: Good for Ohio

OPERS is the largest public pension system in Ohio, and the 11th largest public pension system in the U.S. OPERS serves more than one million members who live, work, and retire in Ohio, supporting Ohio's economy and its citizens. For every dollar received from employers in 2013, \$3.67 is returned to the economy through pension and health care payments made to retirees. More than 90% of OPERS retirees live in Ohio, spending the majority of their retirement proceeds on goods and services within the state.

Return on Taxpayer Investment

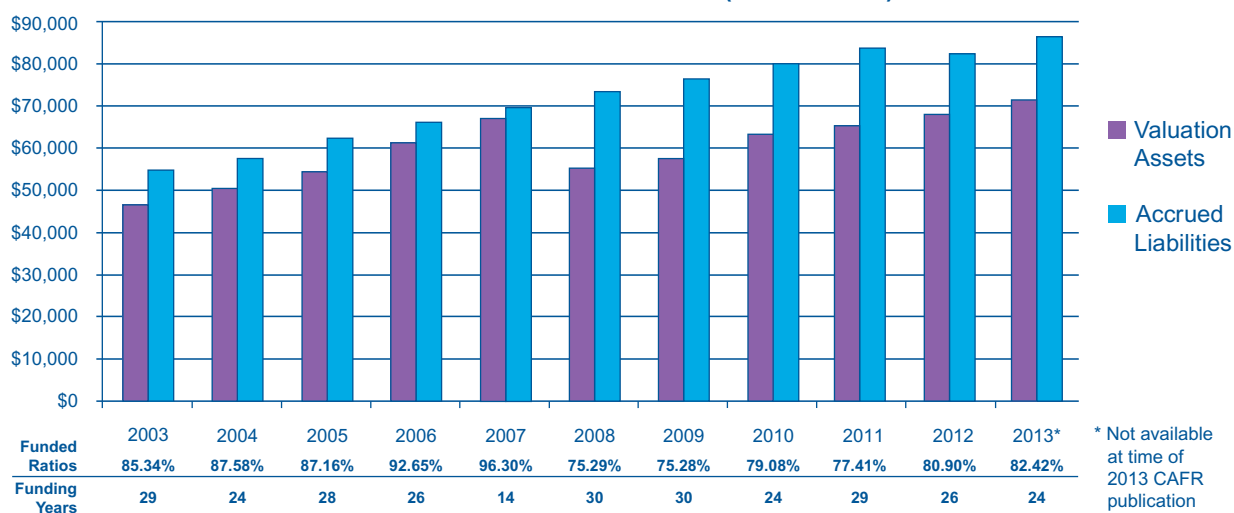
• OPERS' 2013 pension benefit payments to Ohio participants (90% live in Ohio)	\$5.0 Billion
• OPERS' 2013 retiree health care payments	\$1.6 Billion
• Assets invested with Ohio-based companies	\$0.9 Billion
• Assets under management with Ohio-qualified investment managers	\$3.8 Billion
• Fees paid to in-state custodian and to Ohio-qualified investment managers	\$14.4 Million
• Assets under management by in-state custodian	\$87.7 Billion

Pension Funding Status

Retiree benefits are funded from employee payroll deductions (member contributions), employer contributions, and income earned from the prudent investment of these funds over the member's career. Retiree pensions are 100% funded at the time the member retires, with reserves transferred to the pension funds from which these benefits are paid.

The graph below displays the value of assets available to pay benefits to current and future retirees (valuation assets), compared to the estimated cost of these benefits at each year-end (accrued liabilities). In September 2012, the Legislature approved pension changes, which became effective January 7, 2013. These changes reduced the actuarial accrued liability for pension benefits by approximately \$3.9 billion. OPERS has averaged an 8.69% return on investments—further evidence of successful, long-term investment strategy. OPERS remains positioned to fund all pension liabilities within a 24-year period as of December 31, 2013.

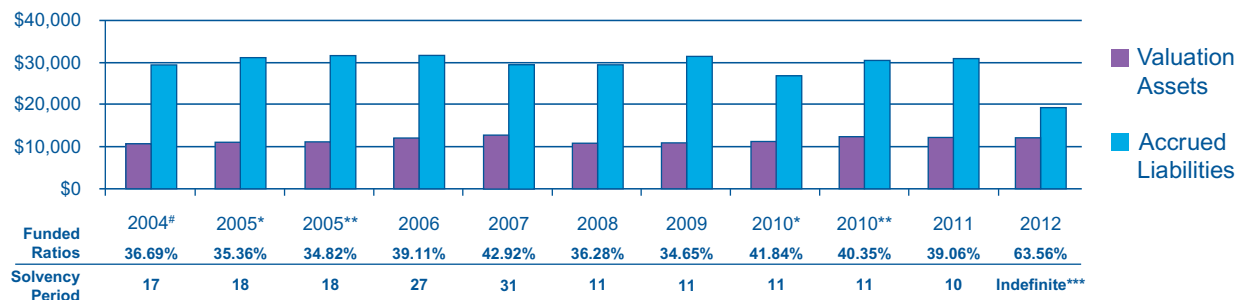
Pension Ratios—Valuation Assets vs. Accrued Liabilities (\$ in millions)



Health Care Funding Status

While health care is a discretionary benefit and not statutorily mandated, OPERS is committed to preserving meaningful health care coverage. As such, in 2012, the OPERS Board approved changes to the OPERS Post-employment Health Care Plan, which became effective January 1, 2014. These changes reduced the actuarial accrued liability for health care by approximately \$12.1 billion, with other changes being attributable to regular-experience gains and losses. The graph below shows the value of assets available to pay health care for current and future retirees (valuation assets), compared to the estimated cost of these benefits (accrued liabilities).

Health Care Ratios—Valuation Assets vs. Accrued Liabilities (\$ in millions)



* Information prior to completion of experience study.

** Information after completion of experience study.

*** Funds expected to be sufficient to fund future health care needs.

Data not available prior to 2004.

Average Benefits

The number of OPERS retirees will continue to increase as the baby-boomer population reaches retirement age. However, the number of members retiring in 2013 actually declined as compared to 2012 as members retired before the effective date of Substitute Senate Bill 343. Many retirement-eligible members planned an effective date of January 1, 2013 to ensure they received the pre-2013 pension-formula calculations. Average annual benefits are based on wages, and are expected to increase as the wave of baby-boomer retirees progresses.

Traditional Pension Plan Retiree Population as of December 31, 2013

	Years of Credited Service							All Retirees	
	0-4	5-9	10-14	15-19	20-24	25-30	30+	at 12/31/13	at 12/31/12
Average annual benefit	\$5,075	\$8,771	\$10,815	\$16,108	\$21,545	\$27,587	\$40,535	\$24,475	\$23,720
Average final average salary	\$9,299	\$23,409	\$28,559	\$33,555	\$38,055	\$43,517	\$50,485	\$38,798	\$37,765
Number of Retirees*	2,590	18,073	33,343	27,193	24,924	25,966	62,843	194,932	189,357

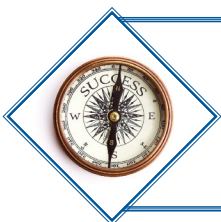
* Excludes Additional Annuity and Money Purchase plans.

OPERS Membership

OPERS administers three pension plans on behalf of more than 1 million members. The pension plans include:

- **Traditional Pension Plan**—a defined benefit plan under which pension payments are determined by a formula set by statute. The formula benefit amount is determined by the member's years of contributing service and final average salary.
- **Member-Directed Plan**—a defined contribution plan in which both the member and employer contributions are invested by the member, and the member's future retirement benefit is based on employee and vested employer contributions, and investment gains and losses.
- **Combined Plan**—a hybrid plan in which member contributions are deposited into a defined contribution account, and employer contributions fund a defined-formula benefit.

OPERS began offering the Combined and Member-Directed plans in 2003 to new employees and members with less than five years of service as of December 31, 2002. Participation in these plans is a choice members make at the time their employment commences. Members may elect to change plans at intervals during their career.



Analyzing past experience: Through constant assessment of actual past experience, OPERS forecasts future trends in expenses and growth patterns. Through analysis of member and employer demographics, we can validate trends and propose solutions. This allows us to propose modest changes, implemented incrementally, to keep the System financially stable.

The chart below displays the number of active, inactive, and retired members in each plan. Inactive members represent members who no longer work in public employment, but have not refunded their employee contributions. These members may be eligible for a future retirement benefit, depending on their age and years of service.

	Traditional Pension Plan	Combined Plan	Member-Directed Plan	Total
Active Members	330,595	7,175	9,957	347,727
Average Age	42.7	42.8	42.2	
Average Service Credit	9.7 Years	6.7 Years	4.5 Years	
Average Salary (FAS)	\$33,071	\$42,288	\$38,903	
Inactive Members	478,291	1,637	3,593	483,521
Average Age	38.8	41.9	38.6	
Average Service Credit	1.3 Years	4.1 Years	2.6 Years	
Average Salary (FAS)	\$5,630	\$33,910	\$29,443	
Retired Members	196,349	100	131	196,580
Average Age	68.3	66.4	65.9	
Average Service Credit (YOS)	21.9 Years*	8.7 Years	N/A	
Average Annual Benefit	\$24,421	\$5,041	\$4,146	
Total Members	1,005,235	8,912	13,681	1,027,828

Note: Counts contained in this table may include a single member multiple times, if the member has active participation in multiple plans.

* Includes disability retirees and survivors eligible for benefits with less than 25 years of service.

In addition to the pension plans, OPERS administers two health care plans.

- Post-employment Health Care Plan—Members in the Traditional Pension and Combined plans are eligible for post-employment health care coverage funded by a portion of the employer contributions received by the System over the duration of the member's career. Members and their eligible beneficiaries may access this coverage only on retirement.
- Voluntary Employees' Beneficiary Association (VEBA)—A portion of the employer contribution for members in the Member-Directed Plan is deposited into a VEBA account. The VEBA functions like a retiree medical account and is available for the member's use upon termination or retirement.

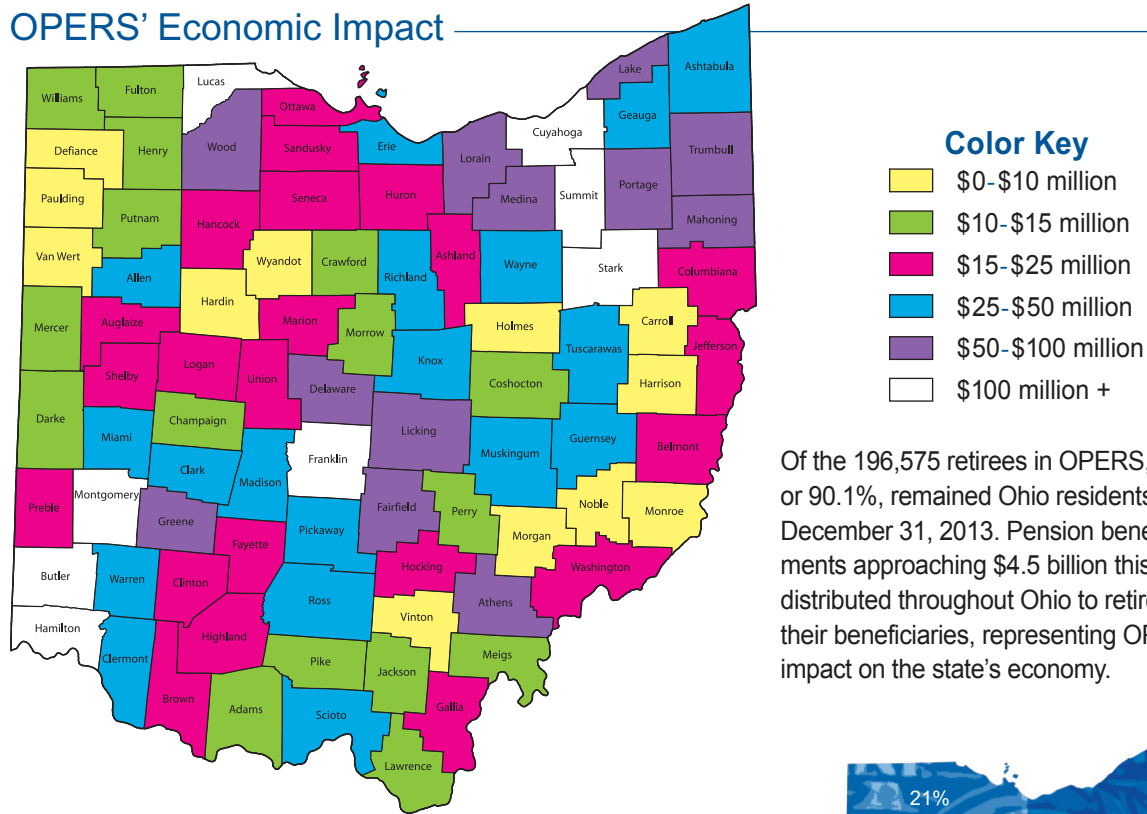
	Post-employment Health Care	VEBA	Total
Active		9,962	9,962
Inactive		3,543	3,543
Covered Lives:			
Retirees & Primary Beneficiaries*	165,967	3,064	169,031
Dependents & Other Beneficiaries	61,041		61,041
Total Members	227,008	16,569	243,577

* A primary beneficiary is a survivor of a deceased member continuing to receive coverage on the member's account.

Delivering Sustainable Promises: Our ultimate destination is to provide a secure retirement for our members—on that we never waver. In 2013, to help ensure all members understood their benefits, OPERS sponsored almost 600 informational events, produced educational online videos, which were viewed more than 40,000 times, created an online retirement calculator, met with more than 18,000 members and fielded more than 400,000 individual calls.



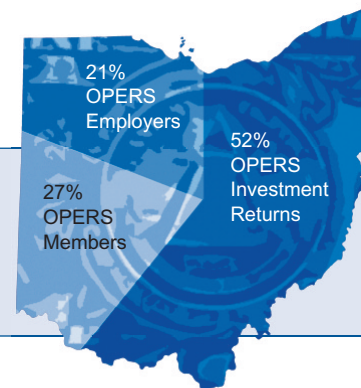
OPERS' Economic Impact



Of the 196,575 retirees in OPERS, 177,116, or 90.1%, remained Ohio residents as of December 31, 2013. Pension benefit payments approaching \$4.5 billion this year are distributed throughout Ohio to retirees and their beneficiaries, representing OPERS' impact on the state's economy.

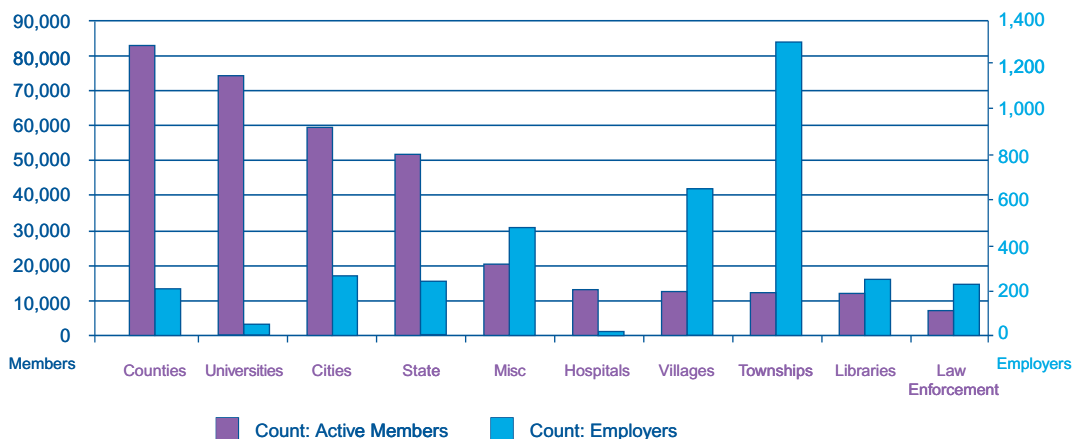
OPERS Pensions

For those retiring in 2013, 79% of the lifetime pension is funded by employee payroll deductions and investment income. The remaining 21% is funded by employer contributions. For every dollar paid by employers, the economy realized a return of \$3.67.



Meet Ohio's Public Employees by Employer Type

OPERS serves over 347,000 actively contributing members and their nearly 3,700 employers who provide services to Ohio residents. Public employers range from township trustees to city governments providing municipal services, transportation and airport authorities, state government and the judicial court systems, and state-supported universities. The chart below displays the number of active members who work in each of the primary employer groups, providing services that touch the lives of every Ohioan.

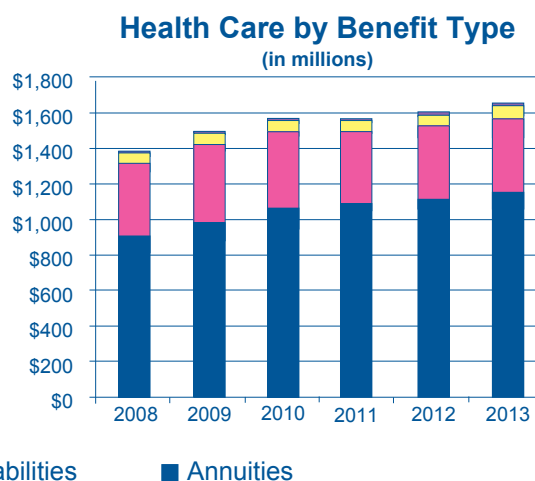
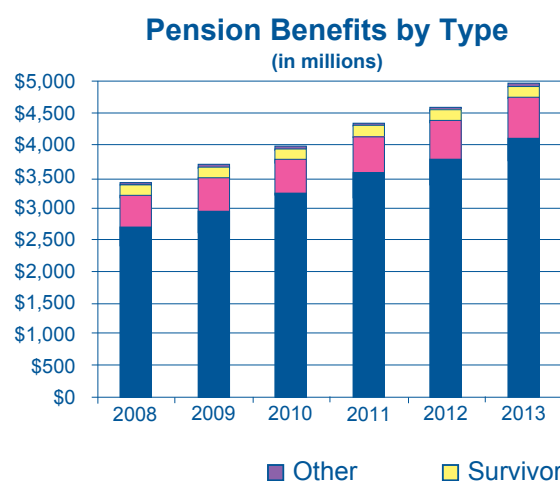


The Business of Pension Systems

Retirement benefits include age-and-service payments, disability benefits provided to those injured during their employment, and survivor benefits provided to the beneficiaries of deceased members. Retirees meeting age-and-service requirements may also be eligible for health care coverage. The graph below shows the trend in retiree benefits for the past six years. This trend is expected to continue to increase as the number of members receiving retirement benefits increases, and because the wage-based benefits of new retirees are typically higher than the wage-based benefits of previous retirees.

In general, defined benefit pensions are determined by a formula based on the number of years of service (YOS), the highest years of salary (final average salary or FAS), multiplied by a factor determined by statute. The number of new retirees in 2013 declined by 2.8% from the number of members who retired in 2012. Another key element in the pension formula is years of service. As members continue to work longer, the value of their retirement benefit continues to grow through wage increases that affect FAS, and in the years of service used to compute the benefit.

Senate Bill 343 was passed in September 2012, with an effective date of January 7, 2013. The Board also approved changes to OPERS' retiree health care plan with phased-in implementation dates over the next several years.



Although not statutorily required, post-employment health care coverage is currently available to defined benefit members with at least 10 years of qualifying service credit, but will increase to 20 years of service. On average, over the past six years, disability recipients comprise 13% of the retiree population but represent approximately 25 – 30% of health care expenses.

OPERS periodically reviews and modifies the health care program, which the Board has the authority to change, to maintain the solvency of the fund for current and future retirees. Plan design changes effective in 2012, with phased-in implementation dates, are designed to strengthen the health care program to preserve access to, and provide affordable, meaningful health care coverage to all our members—both current and future. See page 14 for a summary of health care changes.

Gathering accurate information: The business of pensions is complex. OPERS works to ensure each member understands every aspect of the pension benefits that individual has earned through a lifetime of work and OPERS membership. A member contemplating retirement deserves to have accurate, detailed, and easily understood information. That's where OPERS' investment in technology and ongoing alignment with our members intersect.



Summary of Pension Changes

There are five key components to the OPERS pension plan changes. Members will be affected by each one based on their transition group.

- **Age-and-service retirement eligibility:** The age-and-service requirements for retirement were increased. A minimum age for service retirement was established and, in most instances, the number of years required for service retirement was increased by two.
- **Final Average Salary (FAS):** The benefit formula factor that relates to a member's earnable salary was increased to the five highest years of earnable salary (up from three years).
- **Benefit formula:** The calculation used to determine the benefit amount for service retirement was modified. The benefit multiplier used for the first 30 years of service (2.2% of FAS) was increased to the first 35 years of service.
- **Cost of living adjustment (COLA):** The annual increase in a member's benefit will, beginning in January 2019, be based on the annual percentage change in the Consumer Price Index subject to a 3% cap, rather than a flat three percent.
- **Early retirement reduction factors:** The calculation used to determine a member's retirement benefit for early retirement was modified so that the factors are determined by the OPERS actuary rather than fixed in law.

In addition to the key components of the new pension law, other changes could affect the retirement of current OPERS members:

- **Alternative benefit formulas:** While maintaining the formula benefit for service retirement that is based on a member's FAS, two other alternate benefit formulas were eliminated. The first alternate formula was years of service multiplied by \$86; the second was an annuity based on the member's contributions multiplied by two.
- **Beneficiary designation:** A member may designate one or more beneficiaries prior to retirement but, if the member has contributions in more than one of the OPERS retirement plans, the designation will apply to all plans. Separate beneficiary designations by plan prior to retirement were eliminated.
- **Contribution-based benefit cap (CBBC):** A member's formula retirement benefit is limited (or capped) if the formula benefit exceeds, using a ratio established by the OPERS Board, an annuity based on the member's total contributions.
- **Disability benefits program:** A number of changes to the disability program were made with the goal of modernizing the program, including exclusions from coverage, standards for disability determinations, leave of absence, forfeiture of a disability benefit, continued employment, and an offset of Social Security disability insurance payments.
- **Enhanced refund:** The OPERS Board was granted the authority to specify, in rule, the additional amounts payable to a member upon withdrawal of the member's contributions.
- **Inter-system transfers:** For transfers of service credit and contributions between OPERS and the other Ohio retirement systems, both the amounts of the transfers and the timing of the transfers were modified.
- **Minimum earnable salary:** Beginning in 2014, the minimum earnable salary required to earn a full month of service credit was increased to \$600 per month (up from \$250).
- **Plans of payment:** The number of optional plans of payment that a member may choose for the payment of a retirement benefit or additional annuity were consolidated to three (from six) and one option (Plan E) was eliminated.
- **Service purchases:** For most service purchase types, the cost of the purchase was increased to 100% of the additional liability to the retirement system resulting from the purchase but the requirements to qualify for the purchase remained unchanged. The cost of the remaining service purchase types were also increased and, in some instances, the requirements to qualify for the purchase were modified.
- **Limit on membership determinations:** A limited five-year time frame for independent contractors to challenge their status as non-public employees was established.

Transition for Pension Changes

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. Members who were eligible to retire under law in effect prior to SB 343 or who will be eligible to retire no later than five years after January 7, 2013 comprise transition Group A. Members who have 20 years of service credit prior to January 7, 2013 or who will be eligible to retire not later than 10 years after January 7, 2013 are included in transition Group B. Group C includes those members who are not in either of the other groups and members who were hired on or after January 7, 2013.

Retirement benefits are specific to each plan and members must meet the eligibility requirements based on their age and years of service within the plan. Retirement eligibility also varies by division and transition group. The chart below shows the retirement eligibility requirements for all divisions and transition groups. The requirements for the state and local divisions apply to members who participate in either the Traditional Pension Plan or the Combined Plan. The law enforcement and public safety divisions are only applicable to the Traditional Pension Plan.

Unreduced	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
State/Local	Any	30	52	31	55	32
			Any	32		
Law Enforcement	65	5	66	5	67	5
	48	25	50	25	52	25
Public Safety	62	15	64	15	64	15
	52	25	54	25	56	25
Law and Public Safety (public safety benefit)	62	15	64	15	64	15
	52	25	54	25	56	25

Reduced	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
State/Local	55	25	55	25	57	25
	60	5	60	5	62	5
Law Enforcement	52	15	52	15	56	15
	N/A	N/A	48	25	48	25
Public Safety	52	15	52	15	56	15
	48	25	48	25	52	25
Law and Public Safety (public safety benefit)	48	25	48	25	52	25

Benefit payments vary in amount depending on years of service credit, FAS, age, and plan of payment selection. FAS is the average of the three highest years of earnable salary for Groups A and B; and the average of the five highest years of earnable salary for members in Group C. The age-and-service formula benefit cannot exceed 100% of the FAS (law enforcement is 90%) or the limits under Internal Revenue Code Section 415 and may be subject to the contribution-based benefit cap. The base benefit amount calculated by the formula will be reduced if a member begins receiving a retirement benefit before he/she reaches the age-and-service requirements for an unreduced benefit.

Key Changes in Health Care Plan Design

Shown here are the key components of the plan but not a complete, inclusive list. The Board has the discretion to review, rescind, modify or change the Health Care Plan at any time. To find complete information, the OPERS Comprehensive Guide to Pension and Health Care Changes is available on the OPERS website at www.OPERS.org.

Component	Changes
Age and qualifying service member eligibility requirements <i>(excludes those with a retirement effective date of December 1, 2014 or before)</i>	<p>Minimum eligibility for allowance: Age 60 with 20 years of qualifying service. Members retiring at any age with 30 or more years of qualifying service are eligible for coverage.</p> <p>Members must retire with an effective date of December 1, 2014 or before (off their employers' payroll no later than November 30, 2014), in order to qualify for OPERS retiree health care with 10 years of qualifying service.</p>
New age and qualifying service retiree monthly allowance table <i>(Applies to all retirees)</i>	<p>Monthly allowances will range between 51% and 90% of the full monthly premium. The same allowance table will be used for current and future retirees.</p> <p>Members retiring prior to January 1, 2015 with an allowance at or above 75% will not have an allowance below 75%. Members retiring at any age with 30 or more years of qualifying service will have at least a 71% allowance.</p>
Spouse coverage <i>(Applies to all retirees)</i>	<p>Spouses will transition to no allowance over three years (2015-2017).</p> <p>Spouses under age 65 will have access to OPERS coverage at full cost through at least 2020.</p> <p>Spouses over age 65 will have access to the OPERS Medicare Connector beginning in 2016.</p> <p>Spouses of recipients who die before or after retirement will no longer assume the retiree's health care allowance.</p>
Child coverage <i>(Applies to all retirees)</i>	<p>If the retiree has at least 20 years of qualifying service and is enrolled in the Health Care Plan: Children (up to age 26) will receive half of the retiree's allowance percentage.</p> <p>If the recipient has less than 20 years of qualifying service: Children (up to age 26) will transition to no allowance over three years (2015-2017) and then have access to OPERS coverage at the full cost through at least 2020.</p>
Health Care Plans Shown here are the key components of the plan but not a complete, inclusive list.	<p>Medicare-eligible retirees: OPERS will continue offering a medical plan and prescription drug plan for Medicare retirees through 2015.</p> <p>In 2016, OPERS will introduce the OPERS Medicare Connector for those enrolled in Medicare Parts A and B. Retirees and their spouses will have access to a Licensed Medicare Counselor who will help them select a plan on the individual market to supplement Medicare. Eligible retirees will receive an allowance to purchase coverage via the connector. Eligible spouses will receive an allowance through 2017.</p> <p>Non-Medicare retirees: OPERS will continue offering a medical plan and prescription drug plan for non-Medicare participants.</p>
Recipient Medicare B Premium Reimbursement	<p>For those eligible, Medicare Part B premium reimbursement will transition to no reimbursement in 2017 with the first reduction occurring in 2015.</p> <ul style="list-style-type: none"> • 2014 reimbursement: \$96.40 • 2015 reimbursement: \$63.62 • 2016 reimbursement: \$31.81 • 2017 and after: \$0
Service Credit <i>(excludes those with a retirement effective date of December 1, 2013 or before)</i>	<p>Only the following types of service credit will apply to health care eligibility on or after January 1, 2014: Contributing service, other Ohio retirement system transfers, interrupted military (USERRA), unreported time, and restored (refunded) service.</p>
Disability Recipients	<p>Members receiving a disability benefit prior to January 1, 2014 will have continued access to health care coverage based on the annual review and approval of their disabled status and will not be subject to the five year rule described below. Allowance will be determined in the same way as an age-and-service retiree. If recipient does not meet minimum age-and-service requirements, the minimum allowance will be used.</p> <p>Members first receiving a disability benefit on or after January 1, 2014 will have coverage during the first five years of disability benefits. After five years, recipient must meet minimum age-and-service health care requirements or be enrolled in Medicare due to disability status to remain enrolled in the OPERS plan. If enrolled, allowance will be determined in the same way as an age-and-service retiree.</p>
Minimum Earnings <i>(excludes those with a retirement effective date of December 1, 2013 or before)</i>	<p>Beginning January 1, 2014, contributing service credit for health care will be accumulated only if the member earns at least \$1,000 per month. Partial health care credit will not be granted for months in which less than \$1,000 is earned. Credit earned prior to January 2014 will not be affected by this change.</p>

Board of Trustees members as of January 2014

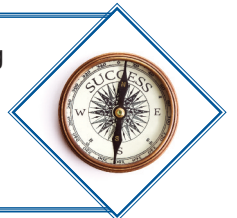
OPERS' management and staff work closely with the members of the OPERS Board of Trustees—the governing body of OPERS that is ultimately responsible for the administration and management of all OPERS activities. This dedicated Board meets monthly and receives no compensation, but is reimbursed for necessary expenses.

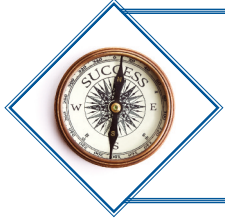


From left to right: Robert C. Smith, Treasurer-Appointed Investment Expert; Heather Link, Representative for Non-teaching College/University Employees; James R. Tilling, General Assembly Appointed Investment Expert; Matthew Schulz, Representative for State Employees; Sharon M. Downs, Representative for Retirees; Sean Loftus, Representative for County Employees; Cinthia L. Sledz, Representative for Miscellaneous Employees; David Payne (designee for Robert Blair, Director of the Ohio Department of Administrative Services, statutory member); Ken Thomas, Representative for Municipal Employees; John W. Maurer, Representative for Retirees

Not shown in photo: Governor's Appointee

Targeting growth: As prudent stewards of contributed funds, we reduce risk by diligently adhering to Board-established policies of diversification and asset allocation. OPERS is an institutional investor; our expertise and extensive time horizon allow us to navigate the System through volatile markets and permit us to enjoy the recovery when markets provide smooth sailing.





Working together: Throughout 2013, all OPERS associates worked with employers, members, legislators and the media to ensure the 2012 landmark legislation was implemented smoothly and completely understood by all stakeholders. As of year-end 2013, OPERS served more than one million members, including 196,575 retirees and beneficiaries and 3,700 public employers.

Facts About OPERS

- ◆ Traditional defined benefit pension plans are the most economical way to provide reliable retirement security.
- ◆ OPERS offers members three pension plan choices—a traditional defined-benefit plan, a defined-contribution plan, and a hybrid plan. The traditional defined-benefit plan has an impressive history (nearly 80 years) of delivering on the promise of providing a secure retirement to members.
- ◆ OPERS has a significant economic impact on Ohio:
 - More than 90% of our retirees live within the state.
 - Nearly 100% of OPERS' active members (contributing employees) pay taxes and reside within the state.
 - OPERS is a strong pension system enabling public employers to attract and retain the brightest and best—those who deliver important services including health, safety, transportation and educational services that enhance the quality of life for all Ohio residents.
 - OPERS invests directly in Ohio-based companies through a special Ohio portfolio.

More information is always available.



By phone: Member Services Center
1-800-222-PERS (7377)
8:00 AM-4:30 PM Monday-Friday



By mail: Ohio Public Employees Retirement System
277 East Town Street
Columbus, Ohio 43215



Online: www.opers.org



Online Accounts: <https://member.opers.org/eMBS/jsp/Login.jsp>



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