

## How your account balance grows

Do you know how your OPERS account works? Here's an overview of the advantages you gain as a public employee of Ohio who participates in OPERS.

You are required to contribute 10 percent of your salary to OPERS since you do not pay into Social Security. You also have the option to supplement your mandatory contributions by making voluntary after-tax contributions. In 2016, the annual maximum deposit limit determined by the Internal Revenue Code (IRC) Section 415(c) is \$53,000 or 100 percent of your compensation, whichever is less. These funds will retain their tax-deferred status as long as they remain with OPERS.

You can also increase your account balance by rolling over assets from another qualified pre-tax account, such as a 457(b) plan, 403(b) plan or Traditional IRA, directly into your OPERS account. The more you save in your OPERS account, the greater your savings' growth potential.

### The benefit of tax deferral

Your OPERS contributions and any investment gains are not taxed until you withdraw the money, usually at retirement. By leaving all of the contributions and earnings of the investments in your tax-deferred OPERS account over a long period of time, more value may accumulate because any gains are reinvested with no current taxes due. With a taxable investment, taxes are paid every year on the investment's capital gains and dividends, reducing investment return. Tax-deferred investments offer the potential to grow to substantially larger amounts than taxable investments because of tax-deferred compounding.

### The power of compounding

Compounding can play a crucial role in the growth of your OPERS account. Compounding occurs when the earnings from your investments are reinvested and produce more earnings. Each year's gains may build on those of the past, potentially increasing the value of an investment over time. The higher the return on your investments, the faster compounding can help build up your retirement assets.

The process of compounding has often been compared to the way a snowball grows as it rolls downhill. The longer the hill, the larger the snowball becomes. Similarly, the longer you are invested, the more you can potentially benefit from the power of tax-deferred compounding.



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# Shine a spotlight on your finances

**With tax time behind you, consider reviewing your finances now to give yourself time to take action before the year ends.**

**Your budget.** See if you can figure out where your money is going and how much you spend. Then look at whether you might be able to reduce expenses and save more toward the goals that are most important to you.

**Your retirement account.** Review the investments in your OPERS account at least annually to make sure your investment choices are appropriate for your age and your risk tolerance.

**Your important records.** Because life's circumstances continually change, you should check your beneficiary designations every year. This is also a good time to go over all legal documents you may have, such as wills, trusts, life insurance policies, and other documents to make sure they're up to date.

**Your income tax picture.** You might be able to reduce your current tax burden, sometimes significantly, by making strategic tax decisions during the year. Your tax adviser may be able to suggest tax strategies appropriate for your situation. ●

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## How your account balance grows

You control how the money in your OPERS account is invested. Your choice depends on how comfortable you are with investing your retirement assets.

### A variety of investment options

You can leave the investing decisions to professionals by choosing an OPERS Target Date Fund whose target date most closely matches the date you expect to begin withdrawing your money for retirement.

If you prefer to select and monitor your own investments, you have these options:

- OPERS core funds, which are low-cost index funds available in different asset classes, for creating your mix of investments.
- The mutual fund-only Self-Directed Brokerage Account (SDBA) available through the Charles Schwab's Personal Choice Retirement Account® (PCRA) for access to thousands of mutual funds outside the OPERS core investment funds. You must have a minimum account balance of \$5,000 and cannot invest more than 50 percent of your account balance in the SDBA.

Complete details on the OPERS investment options, including fund expenses, Morningstar® Fund profiles, Investment Options Disclosures, Target Date Fund glide paths and past fund performance sheets can be found by visiting [www.opers.org](http://www.opers.org). If you have questions, call the OPERS Help Line at **(866) 673-7748**. You should read the OPERS Investment Options Disclosures document before investing. ●



Program website: [www.opers.org](http://www.opers.org)

Benefits questions and personal data changes: (800) 222-PERS (7377)

Account information and management: (866) OPERS-4-U (866-673-7748)

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### quarterly calendar

Transactions made on these dates when the New York Stock Exchange (NYSE) is closed will be processed the following business day that the NYSE is open.

- Monday, May 30, 2016
- Monday, July 4, 2016