

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

News and information for active members of the Ohio Public Employees Retirement System



The benefits of membership Seminars and one-on-one counseling

As a premier retirement system, OPERS offers educational seminars and one-on-one counseling opportunities for every stage of your career and retirement. In recent years we have made a number of advancements in the area of member education. Most of these advancements have been devised in order to establish a connection with our active members early in their careers. Educating yourself on how to maximize your retirement is essential. The decisions you make and the opportunities you chose to take advantage of early in your career could

have a significant impact on your quality of life during retirement.

Below is a comprehensive list of all the educational seminars we offer and when it would be most beneficial for you to attend. The 2007 calendar for these seminars and detailed descriptions are listed on pages 6 and 7. You may register for a seminar by calling 1-800-222-7377.

We have also listed information regarding one-on-one counseling opportunities. Counseling is available at the OPERS office in Columbus, at

remote locations around the state (listed on page 6), and even over the phone.

You can make a counseling appointment by calling 1-800-222-7377. Walk-ins are welcome at the OPERS office in Columbus prior to 4:00 p.m., but reservations are recommended. Please call OPERS with any questions regarding any of the educational opportunities listed here.

New Members

Seminars - *How to Select Your OPERS Retirement Plan*

Counseling - Retirement plan selection counseling

After five years of OPERS membership

Seminars - *PLAN (Providing Long-term Awareness Now)* for members with at least five years of service credit in the Traditional Pension Plan or the Combined Plan

Counseling - One-on-one retirement counseling is available throughout your membership in OPERS and after retirement.

Members considering changing OPERS retirement plans

Retirement plan change counseling - If you are eligible to change your retirement plan, OPERS recommends counseling to provide you with an opportunity to ask questions and ensure you fully understand how your benefits are affected by a plan change.

The benefits of membership

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Ohio PERS NEWS – Your Benefit Connection is a quarterly newsletter providing news and information to more than 381,000 active members of the Ohio Public Employees Retirement System. An active member is anyone currently contributing toward an Ohio PERS retirement benefit. This publication allows us to communicate vital information concerning retirement benefits and health care coverage to our active members and also educate them on the services we provide. *Ohio PERS NEWS* replaces our previous member newsletter, *OPERTunities*.

CONTACT INFORMATION:

www.opers.org
1-800-222-7377

This newsletter is written in plain language for use by members of the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.

OPERS Board of Trustees names new executive director

The OPERS Board of Trustees is pleased to announce the selection of Christopher M. DeRose as the system's new executive director.

The selection of DeRose, who will start Oct. 30, was the result of an extensive nationwide search. DeRose has served as director and chief executive officer of the Michigan Retirement Systems since July 1997. During his tenure, he had direct responsibility for all functional areas including benefits administration, finance, operations, organizational administration and information technology. Since 1991 DeRose has served on the Investment Advisory Committee responsible for management of the retirement system's assets. Most recently DeRose, with over 25 years of legislative experience, has focused his attention on state and national pension and health policy.

Sharon Downs, vice chair of the Ohio PERS Board of Trustees and chairperson of the search committee, said DeRose brings excellent leadership skills that will be important to Ohio PERS. "Chris' extensive experience as CEO of a major retirement system coupled with his experience leading large complex organizations will be of tremendous value as Ohio PERS meets the challenges associated with retiring baby boomers who will swell the ranks of pension rosters in the coming years and as delivery costs, such as those associated with health care, continue to rise," Downs said.

DeRose holds a master's degree in public administration from Western Michigan University and a bachelor's degree in political science and public policy from Kalamazoo College. He also



completed training for state and local government executives at Harvard University's Kennedy School of Government.

DeRose said he is excited and is looking forward to joining Ohio PERS. "I am very pleased to serve as the next executive director of one of the finest

public retirement systems in the country," he said. "Building on the great work of Laurie Hacking, I think Ohio PERS is well positioned to take on the challenges we face. I look forward to working with the board and staff in service to members and retirees."

Member contribution rates to increase in 2007

The 2006 employee contribution rate of 9 percent will increase to 9.5 percent for state and local employees and to 9.75 percent for public safety employees in January 2007. The contribution rate for law enforcement employees will remain at 10.10 percent. In 2006, OPERS increased contribution rates as the first stage of a plan to preserve quality health care for current and future retired members. Member and employer contribution rates will be increased to their statutory maximums over three years between 2006 and 2008.

Rate increase will affect the cost to purchase OPERS service

The 2007 contribution rate increase will affect the cost to purchase certain types of OPERS service including: 1) elected or appointed (35 percent) service, 2) leave of absence service, 3) non-contributing elective service and 4) prior service.

For members who have not made payments towards the purchase of the above listed types of service prior to Dec. 31, 2006:

- The cost of the service earned prior to Dec. 31, 2006 will be based on the 2006 employee contribution rate provided the request is received in the OPERS office on or before Dec. 31, 2006. In order to preserve the lower cost, OPERS must receive a partial payment or a payroll deduction authorization form postmarked prior to Dec. 31, 2006 or within 30 days from the date of the cost statement, whichever is later. If a partial payment or a payroll deduction authorization form is not received, future cost statements for service earned prior to Dec.

31, 2006 will be based on the increased employee contribution rate. Any service earned after this date will also be based on the higher contribution rate.

- For 35 percent service, the partial payment must be at least the cost of the first year of eligible service.

For members who first made a payment towards the purchase of this service prior to Dec. 31, 2005:

- You may continue to make payments based on the lower employee contribution rates for any service earned for pay periods ending prior to Dec. 31, 2006. Service earned for pay periods ending prior to Dec. 31, 2005 will be based on the 2005 contribution rate in effect at that time, and service earned for pay periods ending from Jan. 1, 2006 to Dec. 31, 2006 will be based on the 2006 contribution rate. Any service earned for pay periods ending after Dec. 31, 2006 will be based on the new 2007 contribution rate.

For members who first made a payment towards the purchase of this service in 2006:

- You may continue to make payments based on the lower employee contribution rate for any service earned prior to Dec. 31, 2006. Service earned for pay periods ending prior to Dec. 31, 2006 will be based on the 2006 contribution rate. Any service earned for pay periods ending after Dec. 31, 2006 will be based on the new 2007 contribution rate.

If you have questions about purchasing OPERS service, please consult our *Service Credit* leaflet available at www.opers.org or call us at 1-800-222-7377.

Additional Annuity deposits should be made by end of year

OPERS would like to advise our Traditional Pension Plan members to make deposits to their additional annuity accounts by the end of the year (postmarked by Dec. 31, 2006). The 2006 interest rate of 4 percent applies to all amounts on deposit in the Additional Annuity Program as of Dec. 31, 2005. Deposits made to your additional annuity account during 2006 will not earn interest until 2007. The OPERS Retirement Board will be establishing the 2007 interest rate at their December meeting.

Legislation is currently in process to enhance the Additional Annuity Program. These enhancements could impact the

funds already in your additional annuity account and deposits made in 2006. When this legislation passes, OPERS will notify both members and employers in a timely manner.

Look for future updates in *OhioPERS NEWS* and on the OPERS Web site. If you have a specific question concerning your account, please consult our Member Benefits System (MBS) at www.opers.org or contact us at 1-800-222-7377.

OPERS' plan to preserve retiree health care coverage shows positive first-year results

OPERS is pleased to announce that strong 2005 investment returns coupled with the implementation of an active management approach to our health care program resulted in a net increase of \$200 million in our retiree health care fund. The health care fund's solvency was also extended by an additional year.

We have begun phasing in a long-term plan to preserve the health care coverage program for retirees," said Scott E. Streator, director of health care. "In addition, as part of our active management approach to health care, we've implemented several initiatives aimed at reducing health care delivery costs. The results of our first year are encouraging."

Streator cited measures that have or will combine to bolster the health care fund and extend solvency. They included:

- Encouraging physicians and retirees to choose generic and alternative pharmaceutical drugs resulted in savings of nearly \$40 million last year.
- Investment returns last year specifically for the health care fund – separate from the pension fund – were 8 percent or \$900 million.
- The OPERS Board of Trustees has set policy to keep the health care fund's solvency at between 15 and 25 years on a year-to-year basis. Recent calculations put the health care fund at 18 years, a one-year increase over last year.
- OPERS plans to leverage our health care buying power, having spent almost \$1.1 billion on retiree health care last year. For example, we are in the formative stages of developing a broader prescription drug purchasing pool that may benefit other Ohio-based health purchasers, including OPERS employer groups.
- OPERS plans to launch a pilot program next year that offers financial incentives to retired members who embrace a healthy lifestyle and meet measurable wellness goals, such as a healthy body weight. "We want to instill a culture of wellness among our members and put the emphasis on well care instead of sick care," Streator said.
- OPERS became the first public plan and employer group to partner with the Ohio Tobacco Quit Line to offer free nicotine replacement therapy to its retired members.
- OPERS is leading a local initiative to work with central Ohio hospitals in reporting quality of care information, thus enabling retirees to make informed choices when seeking specific forms of treatments and care.

Streator added that OPERS will continue exploring new avenues that make positive contributions to the health care fund's solvency. He cautioned that federally mandated reporting requirements beginning in 2007 that focus on future liabilities could portray an incomplete picture of the funding status and overall strength of many public health care funds. However, he added that while OPERS will comply with the new reporting requirements, he emphasized that solvency is a more complete measurement of a fund's strength.

2007 HEALTH CARE SEMINARS

Ohio PERS offers a seminar for active and retired Traditional Pension Plan and Combined Plan members that explains changes to the OPERS health care coverage program beginning in 2007. Each session starts at 10 a.m. and will last two hours. Space is limited. Please call 1-800-222-7377 to make your reservation.

Athens

June 11

Boardman

November 5

Cincinnati East

August 20

December 10

Columbus (OPERS)

January 22

March 5

May 14

July 16

September 17

Cuyahoga Falls

July 30

Dayton

February 26

October 29

Independence

April 30

Perrysburg

January 29

April 16

October 15

Strongsville

February 12

August 13

Legislative update

Pension Protection Act of 2006 signed into law

On Aug. 17, 2006, President Bush signed into law HR 4 - Pension Protection Act of 2006, the most expansive pension bill in decades. The new law, primarily focused on private sector pension funds, requires companies to fully fund defined benefit plans. It also closed loopholes in previous laws, which allowed companies to skip contributions to pension plans. However, there are several notable provisions in the law specifically impacting public pension plans, such as OPERS. The most significant aspects impacting public plans are:

- The numerous pension provisions enacted under The Economic Growth and Tax Reconciliation Act (EGTRRA) of 2001, which were set to expire in 2010, were made permanent. Among other things, HR 4 made permanent the liberalized rules allowing the transfer of money between retirement plans;
- The law clarifies that service credit can be purchased for periods of time for which there is no performance of service (airtime). *Note: this provision does not require public pension plans to allow for the purchase of airtime*
- HR 4 clarifies that funds transferred by a trustee-to-trustee transfer are subject to the distribution rules of the receiving plan.

OPERS continues to support the passage of HB 272

Although the General Assembly is in recess until after the November elections, OPERS continues to work to support the passage of House Bill 272 (Rep. Michelle Schneider, R-Cinn.), a bill that makes a number of changes that would positively impact OPERS and its members. The bill was introduced in May 2005 and currently contains provisions designed to improve the system's ability to fund pensions and health care and to provide additional savings opportunities for our members and benefit recipients.

The OPERS Board, in supporting the passage of HB 272, is seeking to make incremental changes that would improve the system's funded status. This critical legislation is one important step toward that goal. OPERS acknowledges the concerns expressed about the changes proposed in HB 272 and their impact on some public employers and employees. However, the changes proposed in HB 272 are an important step in maintaining and continuing to improve the system's long-term solvency. Over the next months, OPERS staff will continue to work with the bill's sponsor and the members of the General Assembly to address the concerns raised by their constituents regarding HB 272. OPERS hopes committee hearings on HB 272 will resume in November. If timing doesn't permit, OPERS will continue to work diligently to introduce similar legislation in the next General Assembly.

New payment option available at retirement

In accordance with House Bill 98 (HB 98), OPERS will begin offering **Life with Multiple Survivors** (Plan F) effective October 27, 2006.

Life with Multiple Survivors

(Plan F) is a multiple joint and survivor annuity that allows a member to name two to four beneficiaries who, upon the member's death, will each receive a joint and survivor benefit for as long as they live. Payment amounts upon the member's death are calculated based on each beneficiary's date of birth. Please be advised that any beneficiaries named under any joint and survivor payment options must still meet certain eligibility

requirements in order to qualify for health care coverage.

HB 98 requires a member whose marriage is terminated by divorce/dissolution and who is ordered by a court to designate a former spouse as a beneficiary on a joint and survivor annuity to designate that former spouse as a beneficiary for a specified portion and to advise OPERS of such. HB 98 further provides that if OPERS has received a copy of the court order, the retirement system may only accept the member's retirement application if the member has complied with the court order by

designating a former spouse on a joint and survivor annuity and, if the member is remarried, includes the **Life with Multiple Survivors** (Plan F).

Life with Multiple Survivors

(Plan F) is available to all members who retire effective November 1, 2006 and after. Members who voluntarily choose or are required by court order to choose the new payment option will allocate a percentage of their single life annuity to each beneficiary. The percentage must be a whole percentage of at least 10 percent or greater. The only exception to this is when the court order provides for an

allocation of less than 10 percent to a former spouse. Total allocations to all beneficiaries cannot exceed 100 percent of the member's single life annuity.

If you would like an estimate of your retirement benefit under Life with Multiple Survivors (Plan F), you may access our estimate calculator at www.opers.org by clicking on 'Traditional Plan' and selecting the Benefit Estimator calculator. If you are registered under our Member Benefits System (MBS) simply login and click on 'Retirement Planning'. You can also contact us at 1-800-222-7377.

2007 calendar of educational seminars

We offer a wide variety of educational seminars. Contact us at 1-800-222-7377 to register.

How to Select your OPERS Retirement Plan - a seminar for new Ohio PERS members who are trying to select the Ohio PERS retirement plan that is best for them. The *How To Select Your Ohio PERS Retirement Plan* seminar provides details about the benefits and features of the three plans and a summary of basic investment education.

Providing Long-term Awareness Now (PLAN) - a seminar for members who have at least five years of service credit and are generally mid-career public employees. Topics discussed include Ohio PERS benefits, Social Security, financial and estate planning and other issues. A total cost of \$5 covers the one-day seminar, a non-member guest, lunch and reference materials.

Law Enforcement - a seminar for members of Ohio PERS' law enforcement (LE) division. Topics covered include Ohio PERS law enforcement benefits, Social Security, estate planning, and other issues. A total cost of \$5 will cover this one-day seminar, a non-member guest, lunch and reference materials.

Retirement Awareness Program (RAP) - a seminar for members who are within five years of retirement and have at least five years of service credit. Topics discussed include Ohio PERS benefits, financial planning, deferred compensation, Social Security, estate planning, and more. A total cost of \$5 covers the one-day seminar, one non-member guest, lunch and reference materials.

Retirement Readiness - a seminar for members who are within 12 to 18 months of retirement. Your Ohio PERS benefits are discussed, along with the various documentation and paperwork needed for processing your pension benefits. This seminar lasts three to four hours and there is no charge.

Counseling sessions - personalized retirement counseling is available at the OPERS office in Columbus, over the phone or in the cities listed here. Call 1-800-222-7377 to make an appointment.

LAW ENFORCEMENT

2007		
Cincinnati East May 10	Columbus (OPERS) September 13	Independence August 30

HOW TO SELECT YOUR OPERS RETIREMENT PLAN

Akron December 12	Lancaster October 25	Painesville December 5
Centerville October 19	Lebanon January 17, 2007	Port Clinton December 19
Chillicothe December 18	Mansfield December 14	Ravenna November 2
Columbus November 8 December 12 January 18, 2007	Maple Heights December 5	Toledo November 21
Dayton November 9	Marion December 19	Wooster November 13 December 11
Delaware December 7	Massillon December 13	Youngstown November 14
Findlay November 21	Medina November 15	Zanesville January 23, 2007
Hamilton November 9	Newark November 3	

PROVIDING LONG-TERM AWARENESS NOW

2006	Dayton January 18 August 23	Perrysburg April 12
Perrysburg December 14		Strongsville October 11
2007	Independence December 5	
Columbus (OPERS) June 7 December 13		

REMOTE COUNSELING SESSIONS

2006	Cuyahoga Falls January 8 - 12 May 14 - 18	Sharonville February 5 - 9
Chillicothe December 4 - 6	Lima March 5 - 9	Sidney April 2 - 6
Perrysburg October 30 - November 3	Marion March 19 - 23	Strongsville January 22 - 26 June 11 - 15
2007	Miamisburg April 30 - May 4	Youngstown April 16 - 20
Cincinnati East June 25 - 29	Perrysburg February 12 - 16 June 4 - 8	

(calendar of seminars continued on page 7)



2007 calendar of educational seminars

(continued from page 6)

RETIREMENT AWARENESS PROGRAM

2007	Columbus (OPERS)	Lima
Athens	April 26	September 20
July 26	May 18	
	September 12	Mansfield
Boardman	October 25	July 19
July 12		October 25
	Columbus (North)	
Canton	July 19	Perrysburg
April 26	November 30	February 15
		June 14
Cincinnati (East)	Cuyahoga Falls	
February 22	January 25	Richfield
May 11	November 15	May 17
August 9		September 6
	Dayton	
Cincinnati (North)	May 24	Sandusky
April 5	August 23	November 8
June 21		
October 18	Eastlake	Strongsville
	June 28	February 8
Columbus (East)	Independence	
March 8	March 22	
August 16	August 29	
	December 6	

RETIREMENT READINESS

2006	Columbus (OPERS)	Mansfield
Perrysburg	April 27	July 20
December 15	June 8	
	September 14	Perrysburg
2007	December 14	February 16
Athens		June 15
July 27	Columbus (North)	August 3
	July 20	
Boardman	Cuyahoga Falls	Richfield
July 13	January 26	May 18
	November 16	September 7
Canton		
April 27	Dayton	Sandusky
	January 19	November 9
Cincinnati (East)	May 25	
February 23	August 24	Strongsville
August 10		October 12
	Eastlake	
Cincinnati (North)	June 29	
June 22		
October 19	Independence	
	March 23	
Columbus (East)	August 31	
March 9		
August 17		

Ohio PERS retirement board

The 11-member Ohio PERS Retirement Board is responsible for the administration and management of Ohio PERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retired members); the Director of the Department of Administrative Services for the state of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate.

Elected Board Members

Ronald C. Alexander
Chair
State Employees

Sharon M. Downs
Vice Chair
Retired members

John W. Maurer
Retired members

Cynthia Sledz
Miscellaneous
Employees

Helen Youngblood
County Employees

Ken Thomas
Municipal Employees

Charlie Adkins
State College and
University Employees

Statutory Board Member

Carol Nolan Drake
Director, Department
of Administrative
Services

Appointed Board Members

Robert C. Smith
Investment Expert
Governor Appointee

Warren W. Tyler
Investment Expert
Treasurer of State
Appointee

James R. Tilling
Investment Expert
General Assembly
Appointee

Blake W. Sherry
*Interim Executive
Director*



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Retirement System
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Columbus, OH 43215-4642

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The benefits of membership *(continued from page 1)*

Members nearing retirement

Seminars – *RAP (Retirement Awareness Program)* for members within 5 years of retirement

Retirement Readiness – a seminar for members 12 to 18 months away from retirement

Counseling - One-on-one retirement counseling is available throughout your membership in OPERS and after retirement

Members in retirement

Seminars – *Retiree seminar* for anyone receiving an OPERS pension benefit

Counseling – One-on-one counseling is available throughout your retirement to discuss your pension benefit and health care coverage

OPERS Health Care Seminar - a seminar for active and retired Traditional Pension Plan and Combined Plan members addressing changes to the OPERS retiree health care coverage program beginning in 2007.

Managing Your Individual Ohio PERS Account - A Workshop - basic investment education workshop is for participants in the Member-Directed or Combined Plans.

Ohio Public Employees Deferred Compensation Program
Contact the Ohio Public Employees Deferred Compensation Program at 1-877-644-6457 or visit www.ohio457.org to learn about the program's educational opportunities.