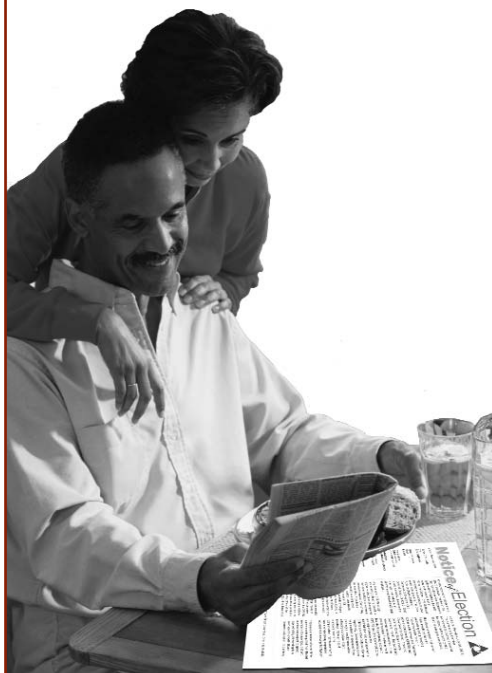


# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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



## OPERS MEMBERS WILL ELECT THREE BOARD REPRESENTATIVES THIS FALL

Four of the seven elected positions on the Ohio Public Employees Retirement System (OPERS) Board are up for election this year. Candidates will be elected by the membership they represent. The positions up for election this year represent three active member (employee) groups: state employees (approximately 59,690), non-teaching college/university employees (approximately 52,386) and municipal employees (approximately 76,009). One

position representing retirees is also up for election.

Any actively contributing public employee who is a member of OPERS in one of these three employee groups is eligible to represent their group. **Individuals elected to the OPERS Retirement Board also automatically serve on the Ohio Deferred Compensation board of trustees.**

Under Ohio law, a candidate seeking an employee member post is required to obtain a minimum of 500 signatures from members of

their employee group. At least 10 different counties must be represented by a minimum of 20 signatures each. Nominating petition packets were mailed to employers on **Friday, June 9** for distribution to interested candidates. **Packets are also available at the OPERS office in Columbus, by calling OPERS at 1-800-222-7377, or on our Web site at [www.opers.org](http://www.opers.org).** These packets contain official nominating petitions and all other necessary forms to be completed by the candidate.

**Completed nominating petitions and forms are due at the OPERS office no later than 4:30 p.m., Monday, July 31; petitions postmarked on this date, but received later, are invalid.**

Any member successfully meeting the above nomination criteria will be placed on an official ballot. Ballots will be mailed Aug. 25 and voting will take place in September. Members will have a choice between returning a paper ballot or voting via telephone using an interactive voice response system. **All votes must be received by Friday, Sept. 29. The election count is scheduled for Monday, Oct. 2.** The final results will be certified by the Secretary of State's office.

OPERS members will elect three Board representatives this fall

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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.*

## The benefits of membership

### Enhancements to Member Benefits System (MBS) add security and convenience

OPERS has recently made a number of changes to our Member Benefits System (MBS). These enhancements are designed to protect your personal information by increasing the security measures we already have in place and to provide a more user-friendly experience.

**User ID and e-mail address:** If you are an existing MBS user, you will be prompted to change your User ID (which is currently your Social Security number) when you sign-in. For convenience, you will have the option to "change it later." After the third prompt or by Jan. 1, 2007 (whichever is earlier), you will be required to change your User ID to something other than your Social Security number. If you are registering on MBS as a new user, you will be asked to create your own User ID, something other than your Social Security number, and one not already being used by a member of OPERS. New users will also be asked to provide an e-mail address as part of the registration process.

**Problems logging in:** If you forget your User ID or PIN, you will have a much more user-friendly experience with us after this enhancement. The security question you originally selected will be displayed; you will not have to remember which question you chose when you registered. Once you have answered the question you will be given the option to have your PIN sent to the e-mail address you provided during registration or by regular mail. For existing users who have not provided an e-mail address, the PIN will only be sent through regular mail.

**Masking of Social Security numbers:** All Social Security numbers will be masked in any place they are shown within MBS. For example: on the Personal Information: Family Information page, if you have supplied a spouse's or relative's Social Security number, we will display it as XXX-XX-1234 (only the last four digits of the number will be displayed).

**Member contact info:** The current "Web Profile" tab has been replaced with "My Contact Info." The My Contact Info is where you can update your address, phone numbers, and e-mail address.

## Wellness initiatives and advocacy efforts aim to preserve health care coverage for the future

As a result of careful planning in years past and proactive management of our health care dollars today, OPERS is currently able to provide a comprehensive retiree health care coverage plan in a time when many pension systems offer only limited coverage or none at all. Our goal is to have the financial resources to continue providing coverage at a comparable level well into the future. We are actively shaping every aspect of our health care plan with the goal of preservation. Not only are we introducing a new health care plan structure in 2007, but we're also serving as advocates for health care reform at many levels and are prepared to announce new wellness initiatives that will provide incentives for healthy behaviors and retiree responsibility.

### **OPERS leads health care reform efforts**

As an advocate for health care reform, OPERS is active at the local, state and federal levels. In the greater Columbus area, OPERS leads an initiative to encourage hospitals to report on key quality and safety practices implemented to prevent medical mistakes. OPERS partnered with nationally recognized Leap Frog Group to make improvements in safety, quality, and health care affordability. The results of this reporting will be available online to aid consumers in assessing the quality of local hospitals.

At the state level, OPERS is leading efforts aimed at formulating group purchasing arrangements for prescription medications. OPERS recently hosted a meeting with the senior research and development management team from the nation's largest drug manufacturer to discuss pricing concerns and collective needs. In addition, OPERS is pursuing a number of legislative changes at the state level that, if enacted, will help to preserve the OPERS health care plan as well as others.

At the federal level, OPERS is working with Medicare, the FTC (Federal Trade Commission), the FDA (Food and Drug Administration), and other agencies to help control escalating health care costs. OPERS helped lead the formation of the first and only national public sector health care coalition called the National Health Care Roundtable with other Ohio retirement systems. For more information on various national policy endeavors, visit [www.healthcareroundtable.org](http://www.healthcareroundtable.org).

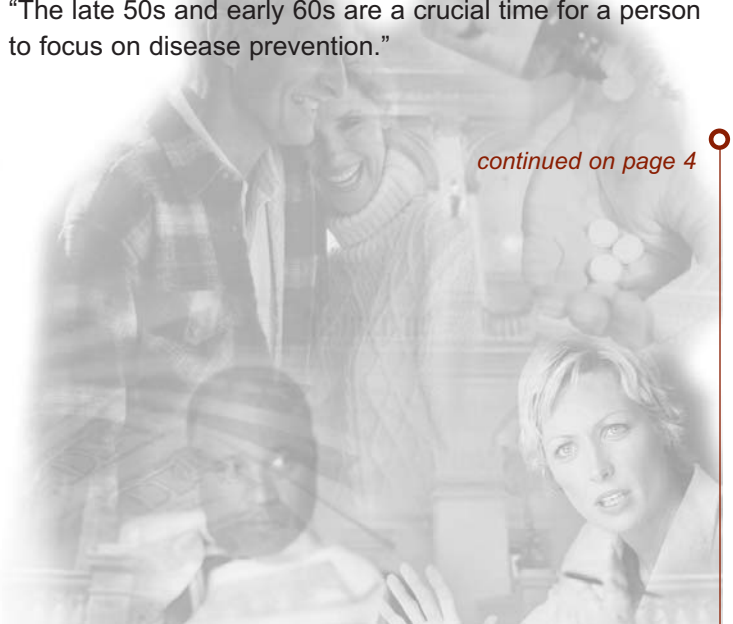
### **OPERS enacts program to reward healthy behaviors**

OPERS is proud to be one of the first public sector health plan administrators in the nation to enact a program that rewards retirees for taking responsibility for their own health and, in turn, for the solvency of our health care plan. As an active member, you can start preparing now to take advantage of this incentive program when you retire.

In 2005, OPERS completed an extensive survey of both retired and active members to determine the overall health of our membership. The data, unfortunately, mirrors Ohio and much of the Midwest in terms of risk factors that lead to debilitating and costly diseases. Approximately 70 percent of our membership is overweight or obese and between 10 percent and 12 percent admit to smoking while other surveys reveal over 25 percent of all Ohioans use tobacco. More importantly, insightful information was gained by confirming most of our membership is willing to make strides for health improvement.

This is important, as studies have repeatedly linked obesity, sedentary lifestyle, tobacco use, and poor nutrition to a higher likelihood of developing serious diseases later in life. Certain healthy behaviors such as maintaining proper weight, getting adequate exercise, and avoiding tobacco use have proven to mitigate certain existing diseases and also reduce the risk of developing serious diseases. It is never too late to change an unhealthy behavior. According to Dr. Julie Gerberding, Director of the Centers for Disease Control and Prevention in Atlanta, "The late 50s and early 60s are a crucial time for a person to focus on disease prevention."

*continued on page 4*



# Wellness initiatives and advocacy efforts aim to preserve health care coverage for the future

continued from page 3

## Consider the following OPERS-specific medical claim statistics:

Nine disease categories currently represent over 75 percent of our health care costs. The top three categories, including cardiovascular, diabetes and musculoskeletal, accounted for over \$400 million in health care expenditures in 2005. We spend nearly \$500,000 per day on treatment of cardiovascular disease alone.

During 2005, OPERS staff consulted nationally renowned wellness experts and worked locally with staff from The Ohio State University Medical Center to formulate

**The idea is simple: Encourage every retired member to become a fully engaged health care consumer and provide the tools to prevent, reduce, or optimally treat diseases.**

a comprehensive wellness and prevention program. The program borrows many of the same components used by private-sector health plan sponsors, including Fortune 100 companies, while tailoring to the unique needs of Ohio's retired public employees.

The idea is simple: Encourage every retired member to become a fully engaged health care consumer and provide the tools to prevent, reduce, or optimally treat diseases. The objective is to find a solution that improves a retiree's health while reducing

OPERS health costs or risks. Our wellness incentive program will utilize a variety of options including health risk assessments, health coaches, partnerships with fitness facilities, and financial incentives to reward behaviors and results that benefit both the retiree and OPERS.

The proposed plan will reward retirees for maintaining (or obtaining) a healthy weight. Similarly, an incentive will be provided for avoidance of tobacco or completion of a smoking cessation program. A more substantial incentive will be available for obtaining tailored goals for each individual who voluntarily participates. For every \$1 spent, consultants have projected a \$1.30 to \$1.50 return in the first year alone. The OPERS Retirement Board approved this innovative initiative which we will launch in 2007.

**The objective is to find a solution that improves a retiree's health while reducing OPERS health costs or risks.**

Again, as an active member, you can begin practicing healthy behaviors today in order to take full advantage of this incentive program when you retire. Wellness incentive programs are becoming more common — ask your employer if they have an incentive program in place or have plans to introduce one.

## 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 Ohio PERS health care plan set to begin 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 for one of the seminars listed below.

### Athens

June 11

### Columbus (OPERS)

January 22

March 5

May 14

### Dayton

February 26

### Independence

April 30

### Perrysburg

January 29

April 16

### Strongsville

February 12



# Summary Report

For The Years Ended  
December 31, 2005 & 2004

## From the OPERS Executive and Finance Directors

We're pleased to present this summary of the Comprehensive Annual Financial Report (Annual Report) for the Ohio Public Employees Retirement System (OPERS or System) for the fiscal years ending December 31, 2005 and 2004. We are proud of OPERS' achievements during the year 2005, and we will continue to strive to improve customer service to our members and benefit recipients in the future. As in the past, the responsibility for the accuracy of the data presented here, as well as the completeness and fairness of the presentation, rests with OPERS management.

Currently, OPERS serves more than 709,000 members, and provides more than 151,000 retirees and surviving beneficiaries with monthly benefits. In addition, the System currently works with more than 3,700 public employers. As of December 31, 2005, OPERS managed an asset base of almost \$70 billion, an increase of \$4.4 billion, or 6.77%, from the \$65.2 billion asset base reported at year-end 2004.

### 2005 Year in Review: Accomplishments and Initiatives

OPERS was established and exists solely for the purpose of providing retirement, disability and survivor benefits to Ohio's public employees. This purpose continues to be our central focus, as demonstrated by the accomplishments and initiatives of 2005—a year during which the priorities established in the first part of the decade continued to be the overriding focus. The targeted priorities against which all activities are measured include:

- Improving the System's funded status,
- Lengthening the solvency period of the Health Care Fund, and
- Enhancing member services and options.

During 2005, significant strides were taken toward attaining our stated goals:

### Funded Status

Simply put, the funded status measures OPERS' progress toward accumulating the funds necessary to meet future pension obligations. Ideally, OPERS targets a funding status of 90-95%. Although OPERS enjoyed a brief period of being fully funded in the 1990s, that fully-funded status was eroded

during the market downturns of 2000-2002. However, as of the date of OPERS' most current valuation (December 31, 2004), OPERS' funded status was 87.6%—an improvement over the last valuation (December 31, 2003) which marked OPERS' funded ratio at 85%. In general, this means that for every dollar of future pension liability, OPERS has accumulated almost \$0.88 to meet that obligation.

To continue improving the System's funded status, investment returns must be generated and expenses must be controlled so that the System can meet future obligations.

- Regarding the generation of income, the OPERS investment portfolio returned 9.03%, and added \$4.5 billion to assets in 2005. These returns were excellent, and well above the actuarial target rate of 8%.
- Regarding the controlling of expenses, in 2005, at the ongoing direction of the Retirement Board, management and staff worked together to identify and implement a variety of cost-savings initiatives. This resulted in the administrative expenses coming in under budget by \$3.9 million, or 4.4% by year end.

### Health Care

Significant work was accomplished in 2005 to implement the Health Care Preservation Plan (HCPP), approved by the Retirement Board in 2004. Health care benefits are neither guaranteed nor mandated by statute (except for Medicare Part B reimbursement and Medicare Part A equivalent coverage for non-Medicare eligible retirees and their spouses and dependents). However, the Retirement Board and staff recognize the importance of post-retirement health care coverage for members and, by approving the HCPP, have decisively moved to help ensure that health care benefits can be provided, to the extent that funds are available, well into the future.

Throughout 2005, OPERS management and staff worked to smoothly and effectively implement the changes outlined by the HCPP. The HCPP's goal is for OPERS to have reserves set aside to fund between 15-25 years of future health care expenditures. Currently, OPERS has funds set aside

to adequately fund 17 years of health care. This target solvency figure is aggressive, but doable—even with the current estimate that \$50 million of savings is required to add a year of solvency.

Efforts to extend the solvency period of the Health Care Fund and reduce overall health care costs will continue. During 2005, the System enrolled in the Medicare D subsidy program. The anticipated savings of approximately \$50 million from participating in this program is expected to add a year of solvency to the Health Care Fund. Finally OPERS continues to explore other savings opportunities, such as wellness initiatives and reimbursing for less-expensive alternatives to some of the higher cost drugs.

The Retirement Board has directed staff to never forget that people—our members—are what make up the statistics. To that end, new initiatives will continue to be implemented to reward and support members for becoming better, more informed, health care and benefit consumers.

### Member Service Initiatives

At the ongoing direction of, and with input from, the Retirement Board, OPERS management establishes annual strategic plans to ensure all organizational activities are cost effective and customer-service oriented.

Many initiatives completed in 2005 will enable OPERS to continue to exceed customer service standards, even though the number of members and retirees is expected to grow rapidly over the next 40 years, peaking at more than 360,000 benefit recipients in 2043.

Just as the applied use of information technology will allow OPERS to control administrative expenses, an ongoing focus on operational efficiency will allow the System to provide outstanding customer service to the escalating number of members and retirees. OPERS has targeted the use of enhanced information technology and combining that technology with user-friendly access and communications to enable members and benefit recipients to better make important, timely, financial decisions with all information available on demand.

### Impact of Legislation

Traditionally, OPERS has had strong and effective working relationships with federal, state and local lawmakers—the activities of 2005 continued to build on that tradition.

OPERS has worked diligently, and collaboratively, to ensure that the position of pension systems has been heard at both the federal and state levels on health care issues. Because of strong advocacy efforts, public sector pension plans that were originally excluded from the Medicare Part D drug reimbursement plan were included in the final legislation. This means that beginning in 2006, OPERS is to use the new federal program to offset a portion of prescription drug costs. As noted, estimates indicate an annual potential savings of approximately \$50 million, and would help extend the solvency period of the OPERS Health Care Fund by a year.

### Legislative and Advocacy Focus for 2006

At both the federal and state levels, OPERS will continue to pursue a number of important legislative initiatives that would have a positive impact on the funded status of the System, while improving member benefits.

With three strong years of investment returns and controlled administrative expenses to report, this Annual Report that details the activities and results of 2005 is especially encouraging. We will continue our efforts to work to provide all members with a secure retirement.

Respectfully submitted,

LAURIE FIORI HACKING\*  
Executive Director

KAREN E. CARRAHER, CPA  
Director—Finance



**KAREN E. CARRAHER, CPA**  
Director—Finance

**LAURIE FIORI HACKING**  
Executive Director

\*At the time of the preparation of this annual report, Executive Director Laurie Fiori Hacking announced her resignation from OPERS. As executive director for the time period covered by this Annual Report, the Letter of Transmittal is over her signature. The Retirement Board named Blake W. Sherry as interim executive director. Mr. Sherry has also reviewed and approved this document.



# Financial Section Highlights

The collection of employer and employee contributions, as well as income from investments, provides the reserves needed to finance retirement benefits.

- As mentioned previously, investments in 2005 returned 9.0%, and added \$5.7 billion to assets—the third consecutive year of positive returns since the market decline of 2000-2002. These figures are impressive in the face of a volatile U.S. equity market, rising oil prices and an essentially flat non-U.S. equity market.
- Expenses for fiscal year 2005 totaled \$4.05 billion, an increase of 9.7% over 2004. The increase is primarily due to an increase in the number of benefit recipients. The number of benefit recipients increased to 151,758 or 3.3% from the 146,966 figure for 2004. In addition, as

anticipated, there was an increase in retiree health care expenses to almost \$1.1 billion, a 12.7% increase. This increase is attributed to health care inflation and an increase in the number of covered lives.

- The System's actuarial pension liabilities are 87.6% funded and the accrued unfunded actuarial liability will be funded or amortized in 27 years under accounting standards, well within the required 30-year limit required by law. In general, this means that for each dollar's worth of future pension liability, OPERS has accumulated nearly \$0.88 to meet that obligation. This represents an improvement in the funding status of the pension liability over that of the preceding year. In comparison to the previous year, OPERS' funded ratio was 85.3%, with a funding period of 29 years.



## Net Assets

As of December 31, 2005, 2004, and 2003

	2005	2004	2003	Amount Increase/ (Decrease) from 2004 to 2005	Percent Increase/ (Decrease) from 2004 to 2005
Current and Other Assets	\$ 840,574,773	\$ 769,538,137	\$ 715,624,089	\$ 71,036,636	9.2%
Cash and Investments at Fair Value	80,279,862,945	73,568,348,371	63,823,372,963	6,711,514,574	9.1
Net Capital Assets	120,588,673	120,989,855	126,842,607	(401,182)	(0.3)
Total Assets	81,241,026,391	74,458,876,363	64,665,839,659	6,782,150,028	9.1
Total Liabilities	11,590,719,815	9,210,425,507	5,568,164,675	2,380,294,308	25.8
<b>Net Assets, End of Year</b>	<b>\$69,650,306,576</b>	<b>\$65,248,450,856</b>	<b>\$59,097,674,984</b>	<b>\$4,401,855,720</b>	<b>6.7%</b>
Net Assets, Beginning of Year	65,248,450,856	59,097,674,984	47,986,297,065	6,150,775,872	10.4
Net Increases in Net Assets	4,401,855,720	6,150,775,872	11,111,377,919	(1,748,920,152)	(28.4)

*Financial Section Highlights continued on page 4*



# Financial Section Highlights, *continued*

## △ Additions to Fiduciary Net Assets (Revenues)

For the years ended December 31, 2005, 2004, and 2003

	2005	2004	2003	Amount Increase/ (Decrease) from 2004 to 2005	Percent Increase/ (Decrease) from 2004 to 2005
Member Contributions	\$1,054,037,704	\$1,041,342,350	\$ 1,023,394,823	\$ 12,695,354	1.2 %
Employer Contributions	1,653,257,139	1,606,120,209	1,626,778,671	47,136,930	2.9
Net Income from Investing Activities	5,740,076,574	7,192,406,571	11,868,086,475	(1,452,329,997)	(20.2)
Other Income, Net	980,539	(107,798)	411,093	1,088,337	(1,009.6)
<b>Total Additions</b>	<b>\$8,448,351,956</b>	<b>\$9,839,761,332</b>	<b>\$14,518,671,062</b>	<b>\$(1,391,409,376)</b>	<b>(14.1)%</b>

## △ Deductions in Fiduciary Net Assets (Expenses)

For the years ended December 31, 2005, 2004, and 2003

	2005	2004	2003	Amount Increase/ (Decrease) from 2004 to 2005	Percent Increase/ (Decrease) from 2004 to 2005
Benefits	\$3,764,595,257	\$3,417,516,226	\$3,144,246,755	\$347,079,031	10.2%
Refunds	220,236,000	209,777,972	193,209,598	10,458,028	5.0
Administrative Expenses	61,664,979	61,691,260	69,836,790	(26,281)	0.0
<b>Total Deductions</b>	<b>\$4,046,496,236</b>	<b>\$3,688,985,458</b>	<b>\$3,407,293,143</b>	<b>\$357,510,778</b>	<b>9.7%</b>

## △ Schedule of Funding Progress\* (Traditional and Combined Plans)

(\$ in Millions)

Valuation Year	Actuarial Accrued Liabilities (AAL)	Valuation Assets	Unfunded Actuarial Accrued Liabilities (UAAL)	Ratio of Assets to AAL	Active Member Payroll	UAAL as of % of Active Member Payroll
2003	54,774	46,746	8,028	85	11,165	72
2004	57,604	50,452	7,152	88	11,454	62

\* The amounts reported in this schedule do not include assets or liabilities for post-employment health care benefits.

\*\* Valuation assets were in excess of AAL.





The Retirement Board has recommended, implemented and adhered to an asset allocation strategy that has helped OPERS weather market downturns and positively positioned OPERS to take advantage of strong markets. Here are the highlights for 2005:

- Investments in 2005 returned 9.0%—the third consecutive year of positive returns since the market decline of 2000-2002.
- The entire OPERS fund is divided into a pension fund (Defined Benefit and Defined Contribution Funds) and Health Care Fund. At the end of 2005, the Defined Benefit Fund totaled \$57.2 billion, with an absolute return of 9.25%. The Health Care Fund totaled \$11.8 billion, and experienced a return of 8%. Both funds significantly outperformed benchmark funds. The Defined Contribution Fund's investments results are determined by the investment decisions of the individual participants and, as such, have no corresponding benchmark. The Defined Contribution Fund totaled \$118 million, and experienced a return of 6.9% in 2005.
- The annualized rate of return for the total plan (Defined Benefit and Defined Contribution plans combined) over the past three years was 15.4%, and 5.6% over the past five years.



## Total Investments Summary

As of December 31, 2005

	2005		2004	
	Fair Value	Percentage of Total Fair Value	Fair Value	Percentage of Total Fair Value
<b>Global Bonds:</b>				
Government and Agencies	\$ 5,690,793,956	8.2%	\$ 3,874,375,984	5.9%
Corporate Bonds	5,795,257,289	8.4	5,356,925,572	8.2
Mortgage & Mortgage Backed	6,877,339,556	9.9	5,247,742,249	8.0
<b>Total Global Bonds</b>	<b>\$18,363,390,801</b>	<b>26.5%</b>	<b>\$14,479,043,805</b>	<b>22.1%</b>
<b>Common Stock</b>	30,486,097,151	44.1	31,120,287,726	47.6
<b>Real Estate</b>	4,636,087,423	6.7	3,496,273,744	5.3
<b>Private Equities</b>	738,008,316	1.1	388,148,365	0.6
<b>International</b>	14,002,316,402	20.2	14,855,222,270	22.7
<b>Total Long-term Investments</b>	<b>\$68,225,900,093</b>	<b>98.6%</b>	<b>\$64,338,975,910</b>	<b>98.3%</b>
<b>Short-term Investments:</b>				
Cash	\$ 24,935,192	0.1%	\$ 42,758,103	0.1
Commercial Paper	167,901,582	0.2	399,736,719	0.6
U.S. Treasury Obligations	590,523,287	0.8	275,131,372	0.4
Short-term Investment Funds (STIF)	182,622,180	0.3	367,144,032	0.6
<b>Total Cash and Short-term Investments</b>	<b>\$965,982,241</b>	<b>1.4%</b>	<b>\$1,084,770,226</b>	<b>1.7%</b>
<b>Total Cash &amp; Investments</b>	<b>\$69,191,882,334</b>	<b>100.0%</b>	<b>\$65,423,746,136</b>	<b>100.0%</b>

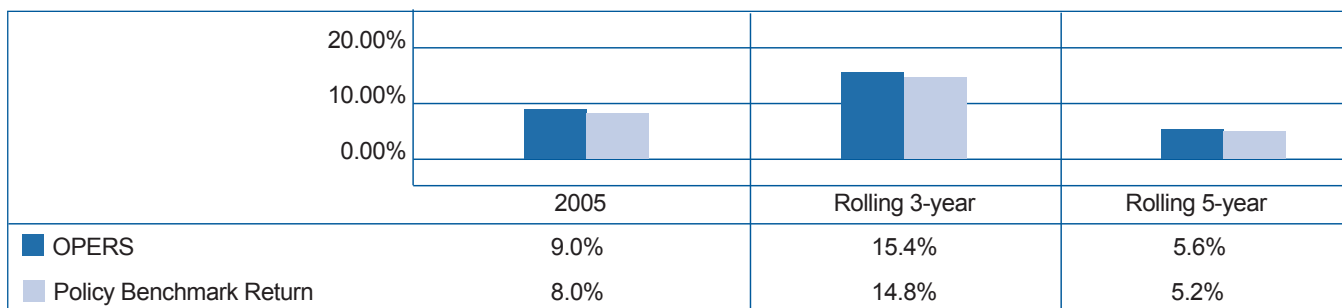
*Investments Section Highlights continued on page 6*



# Investments Section Highlights, *continued*

## OPERS Total Investments Returns • Annual Rates of Return

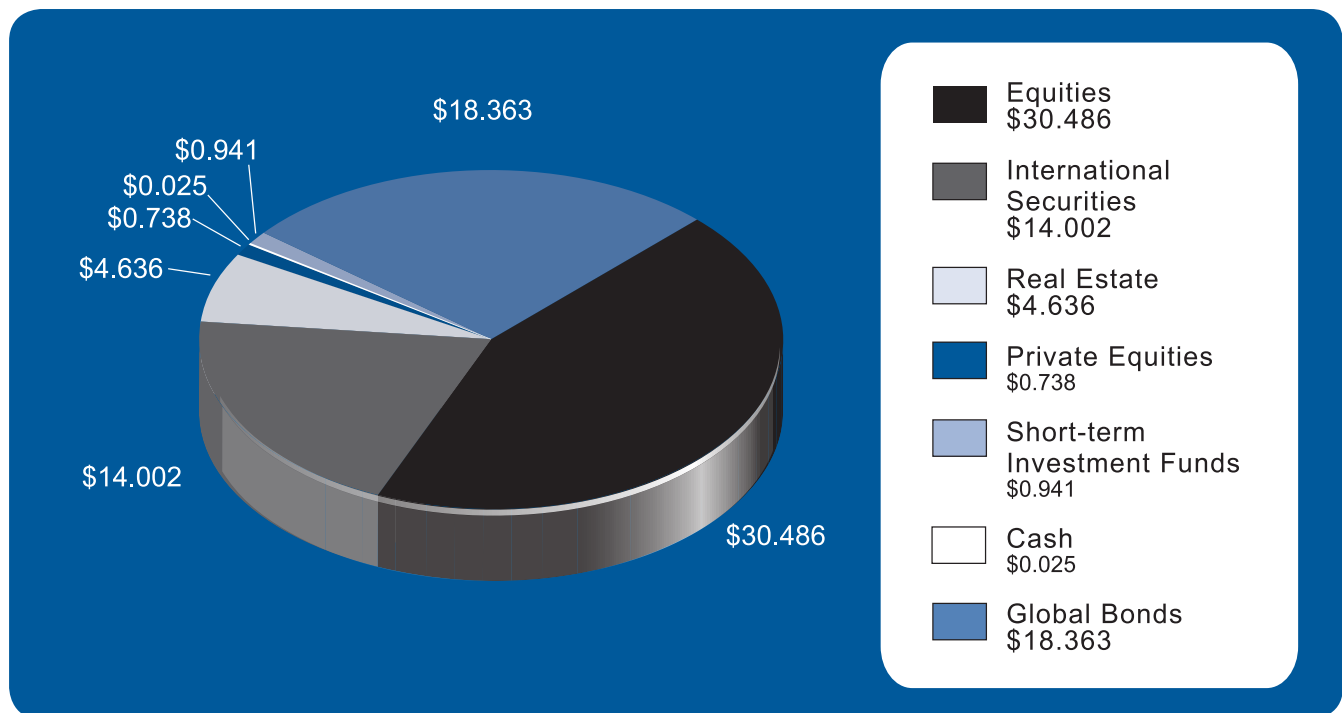
Annual rates of return\*



\* The total return is the combined result of the returns generated by defined benefit, health care and defined contribution investments. The composite policy benchmark is derived by a market value weighted combination of the defined benefit, health care and defined contribution investments policy benchmarks while all other returns throughout the remainder of this section are derived from a time-weighted calculation. All returns presented throughout the Investment Section are net of external manager fees, overdraft charges, debit interest, registration expense and stamp duties and taxes spent on foreign securities. In addition, the securities lending money market returns are net of custodial fees, transfer agent expense and professional fees.

## 2005 Total Asset Allocation

As of December 31, 2005



The pie chart above shows the OPERS total portfolio based on the value of each asset class. The portfolio value includes market value and excludes accruals for investment receivables and commitments payable.



## Member Count

### All Plans

Year end	Total Active	Inactive	Total
2001	411,076	224,677	635,753
2002	402,041	255,528	657,569
2003*	368,996	302,546	671,542
2004	375,076	313,248	688,324
2005	381,413	327,864	709,277

\* Effective 2003, members actively contributing under more than one employer code are counted only once.

### Traditional Plan

Year end	Total Active	Inactive	Total
2001	411,076	224,677	635,753
2002	402,041	255,528	657,569
2003*	361,704	302,221	663,925
2004	366,470	312,480	678,950
2005	371,148	326,528	697,676

\* Effective 2003, members actively contributing under more than one employer code are counted only once.

### Combined Plan

Year end	Total Active	Inactive	Total
2003	3,590	92	3,682
2004	4,223	232	4,455
2005	5,026	414	5,440

### Member-Directed Plan

Year end	Total Active	Inactive	Total
2003	3,702	233	3,935
2004	4,383	536	4,919
2005	5,239	922	6,161

*Statistical Section Highlights continued on page 8*



## Number of Benefit Recipients by Category

### Traditional Plan Only\*

Year-end	Annuities	Disabilities	Survivors	Total
2001	105,876	16,727	12,166	134,769
2002	109,565	17,809	12,291	139,665
2003	112,247	18,859	12,537	143,643
2004	114,698	19,758	12,510	146,966
2005	118,099	20,732	12,927	151,758

\*There have been no retirement benefits paid in the Combined or Member-Directed plans.

## Number of Employer Units

### All Plans\*

Year	State	County	Law Enforcement	Municipalities	Villages	Miscellaneous	Libraries	Townships	Totals
2001	266	239	255	258	665	442	256	1,309	3,690
2002	263	237	251	256	671	450	256	1,312	3,696
2003	268	239	247	255	673	450	257	1,313	3,702
2004	268	240	241	255	672	456	256	1,314	3,702
2005	277	239	247	255	671	454	257	1,312	3,712

\* The number of employer units exceeds the number of reporting employers as some employers report multiple divisions or agencies. The number of employers reporting at December 31, 2005 was 3259.



## Requests for Information

OPERS' *Comprehensive Annual Financial Report* is designed to provide the Retirement Board, our membership, taxpayers, investment managers, and creditors with an overview of OPERS' finances and accountability for the money received. A complete *Comprehensive Annual Financial Report* can be accessed online at [www.opers.org](http://www.opers.org).

Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

OPERS, Director of Finance  
277 E. Town St.  
Columbus, OH 43215



## RETIREMENT Board

**Ronald C. Alexander, Chair**  
Representative for State Employees

**Sharon M. Downs, Vice Chair**  
Representative for Retirees

**Ken Thomas**  
Representative for Municipal Employees

**Charlie Adkins**  
Representative for Non-teaching  
College/University Employees

**John W. Maurer**  
Representative for Retirees

**Cynthia Sledz**  
Representative for Miscellaneous Employees

**Helen Youngblood**  
Representative for County Employees

**Carol Nolan Drake**  
Director, Dept.  
of Administrative Services

**Robert C. Smith**  
Governor Appointed Investment Expert

**Warren W. Tyler**  
Treasurer Appointed Investment Expert

**Blake W. Sherry**  
Interim Executive Director

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## Legislative update on the progress of House Bill 272

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This spring, the House Financial Institutions, Real Estate and Securities committee completed their eighth hearing on House Bill 272 (Rep. Schneider, R–Cincinnati). The bill contained a number of provisions designed to improve the system’s funded status and provide additional savings opportunities for members.

Committee members requested information on a number of the bill’s provisions, including proposed health care changes, the increase in minimum monthly earnable salary required to earn full-time OPERS service credit, and the remittance of employer retirement contributions.

The committee also accepted a substitute version of the bill, which contained changes reviewed and approved by the Ohio Retirement Study Council. The bill was then amended by the committee to remove the earnable salary provision.

**Protecting the system’s funded status for pensions and extending the long-term solvency of the retiree health care program are, and will continue to be, two of the Retirement Board’s highest priorities.**

Unfortunately, HB 272 was not voted out of committee before the legislature adjourned for the summer.

Protecting the system’s funded status for pensions and extending the long-term solvency of the retiree health care program are, and will continue to be, two of the Retirement Board’s highest priorities. OPERS staff will continually work to identify ways to improve the system’s funded status, while remaining attentive to issues important to our members, retirees and employers.

We hope committee hearings on HB 272 will resume this fall. If timing doesn’t permit, we will work diligently to introduce

similar legislation in the next General Assembly.

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## Member satisfaction survey results

*Survey shows a high level of satisfaction with OPERS member services staff and communications*

The results of the 2006 member satisfaction study were recently finalized. Early this year, we conducted interviews with 400 OPERS active members to assess their overall satisfaction with OPERS and their satisfaction in specific areas including benefits administration, the member services center, communications, and the OPERS Web site.

Overall satisfaction has improved since the 2005 survey. The highest rating allowed by the survey is “very satisfied.” Overall satisfaction with OPERS is rated at 82 percent “very satisfied.” This shows a significant increase in overall satisfaction compared to 67 percent in 2005. Both communications and benefits administration also saw increased satisfaction levels.

Satisfaction with member communications has improved from past years and use of the OPERS Web site continues to grow. According to survey results, members who are closer to retirement are significantly more likely to have accessed the OPERS Web site in the past 12 months, and are accessing it an average of four times per year.

Satisfaction with the OPERS member services center and its staff continues to be an a sign of overall satisfaction with OPERS. Members indicated that they are more satisfied with our member services representatives than with any other aspect they were asked to rate.

# 2006/2007 calendar of educational seminars

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

**How to Select** - 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 on page 7. Call 1-800-222-7377 to make an appointment.

## HOW TO SELECT YOUR OPERS RETIREMENT PLAN

<b>Akron</b> August 24	<b>Elyria</b> September 15	<b>Medina</b> August 24
<b>Batavia</b> September 20	<b>Hamilton</b> August 10	<b>Painesville</b> August 7
<b>Bowling Green</b> October 4	<b>Kent State University*</b> October 4	<b>Portsmouth</b> October 11
<b>Centerville</b> October 19	<b>Lancaster</b> June 28 October 25	<b>Sandusky</b> September 12
<b>Chillicothe</b> September 19	<b>Lebanon</b> September 13	<b>Wooster</b> August 14 September 11
<b>Cleveland</b> September 14	<b>Mansfield</b> July 13	<b>Urbana</b> August 1
<b>Columbus</b> August 4 August 15 September 26	<b>Maple Heights</b> July 13	<b>Zanesville</b> August 29
<b>Dayton</b> September 7	<b>Marion</b> July 7	
<b>Delaware</b> September 6	<b>Massillon</b> September 13	

\*Broadcast to all Kent State University regional campuses

## PROVIDING LONG-TERM AWARENESS NOW

<b>2006</b>	<b>Perrysburg</b> December 14	<b>Dayton</b> January 18
<b>Cuyahoga Falls</b> November 15		<b>Perrysburg</b> April 12
<b>Marietta</b> August 30	<b>2007</b> <b>Columbus (OPERS)</b> June 7	

## LAW ENFORCEMENT

<b>2006</b>	<b>2007</b>	
<b>Independence</b> November 9	<b>Cincinnati East</b> May 10	

2007 Health Care seminars are listed on page 4. All remaining 2006 health care seminars are full.

(calendar of seminars continued on next page)

# 2006/2007 calendar of educational seminars

(continued from page 6)

## RETIREMENT AWARENESS PROGRAM

<b>2006</b> <b>Perrysburg</b> October 26	<b>Columbus (OPERS)</b> February 1 April 26 May 18	<b>Perrysburg</b> February 15 June 14
<b>2007</b> <b>Canton</b> April 26	<b>Cuyahoga Falls</b> January 25	<b>Richfield</b> May 17
<b>Cincinnati (East)</b> February 22 May 11	<b>Dayton</b> May 24	<b>Strongsville</b> February 8
<b>Cincinnati (North)</b> April 5 June 21	<b>Eastlake</b> June 28	
<b>Columbus (East)</b> March 8	<b>Independence</b> March 22	

## RETIREMENT READINESS

<b>2006</b> <b>Dayton</b> November 2	<b>2007</b> <b>Canton</b> April 27	<b>Dayton</b> January 19 May 25
<b>Eastlake</b> October 27	<b>Cincinnati (East)</b> February 23	<b>Eastlake</b> June 29
<b>Perrysburg</b> October 27 December 15	<b>Cincinnati (North)</b> June 22	<b>Independence</b> March 23
<b>Sandusky</b> October 19	<b>Columbus (East)</b> March 9	<b>Perrysburg</b> February 16 June 15
<b>Strongsville</b> December 8	<b>Columbus (OPERS)</b> February 2 April 27 June 8	<b>Richfield</b> May 18
<b>Wilmington</b> October 12	<b>Cuyahoga Falls</b> January 26	

## REMOTE COUNSELING SESSIONS (2006)

<b>Chillicothe</b> December 4 - 8	<b>Elyria/Lorain</b> August 21 - 25	<b>Sharonville</b> October 2 - 6
<b>Dayton</b> November 13 - 17	<b>Perrysburg</b> Oct. 30 - Nov. 3	<b>Strongsville</b> November 6 - 10
<b>Dover/New Phil.</b> September 25 - 29		

# 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



Ohio Public Employees  
Retirement System  
277 East Town Street  
Columbus, OH 43215-4642

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## **General Assembly appoints representative to Retirement Board** Tilling sworn in at June meeting



James Tilling, the General Assembly's appointee to the OPERS Retirement Board, was sworn in at the Board's June meeting. This marks a return to the Board for Tilling, who previously served in an appointed position as a retiree representative.

Tilling is a graduate of Clarkson University and has a master's degree in political science from the University of Illinois at Champaign-Urbana. A former political science professor at Ohio University, Tilling spent 17 years as chief of staff in the Ohio Senate and eight years as chief of staff to former Ohio Attorney General Betty D. Montgomery.

### **KEEP YOUR PERSONAL INFORMATION CURRENT**

Have you moved recently or had a change in your family status? It is important to let OPERS know of any changes to your personal information, including your beneficiary designation or your address.

Notifying us of a change in your address helps ensure that you receive accurate information from us in a timely manner. This includes your annual Personal Statement of Estimated Benefits, newsletters, and Board election voting materials.

You can update your address online by accessing our Member Benefits System (MBS) at [www.opers.org](http://www.opers.org).