

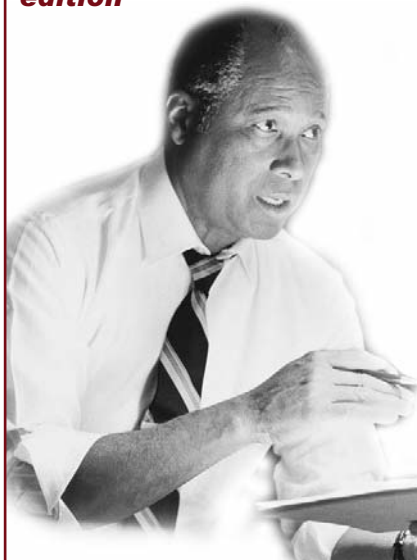
# Ohio PERS

NEWS

YOUR BENEFIT CONNECTION

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

## Traditional Pension and Combined Plan edition



## The benefits of membership

### OPERS introduces plan-specific newsletters and solicits feedback

Beginning with this issue of *Ohio PERS News – Your Benefit Connection*, the newsletter for active members will be segmented by retirement plan to better provide relevant information to individuals participating in OPERS' three retirement plans. In an effort to increase member awareness and provide specific retirement benefit education, you will now receive a newsletter tailored for the OPERS retirement plan in which you currently participate. This change will enable us to present information affecting your retirement in a way that is uniquely applicable to members participating in the Traditional Pension, Combined or Member-Directed Plans.

### Readers provide feedback and suggestions for newsletter

In the Summer 2007 issue of *Ohio PERS News* for active members, OPERS conducted an unscientific survey of readers to ask what we can do to increase their interest in *Ohio PERS NEWS*, our primary form of communication with active members. The survey asked members to comment on article topics and areas of interest as well as the frequency, delivery method and timing of the newsletter.

Topics of most interest to respondents include future retirement planning, seminars, investment/retirement savings tips, estimated future retirement income (pension) amount, OPERS' impact on Social Security and estimated future health care costs. The respondents also indicated they would like to receive the newsletter quarterly and via U.S. mail.

Though we feel the survey results indicate a high level of satisfaction with the newsletter, we are continually working to improve it as a communications tool. We want to know what we can do to increase your interest in this publication. To help accomplish this, we have opened a permanent e-mail address for newsletter feedback - [newsfeedback@opers.org](mailto:newsfeedback@opers.org). Please use this address to send comments on newsletter content and to provide suggestions.

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Segmenting newsletter readership is part of an ongoing initiative to educate OPERS members on the importance of planning for retirement throughout their entire career. Because there are marked differences between the retirement plans, we hope to increase readership awareness by customizing the content.

E-newsletters will be segmented by retirement plan as well. If you are interested

in reading the newsletter tailored to an OPERS retirement plan you aren't currently participating in, you can read all versions of each issue at [www.opers.org](http://www.opers.org).



## Board vacancy announcement for state of Ohio employees

The state employee representative position to the OPERS and Deferred Compensation Boards of Trustees is now open due to the retirement of Ron Alexander. His retirement has created a vacancy that, by Ohio law, will be filled by an individual selected by the remaining members of the Board of Trustees.

If interested in serving in this position on the OPERS and Deferred Compensation Boards of Trustees, you are encouraged to consider getting involved in the application process.

### To be considered, you must:

- Be an OPERS member, currently employed by the state of Ohio or one of its agencies (neither beneficiary recipients nor disability recipients are eligible),
- Anticipate spending approximately 40 working days each year on OPERS and Deferred Compensation-related business (complete job description is available),
- Be able to attend monthly Board of Trustees meetings (part of the 40 days),
- Agree to serve for the completion of this term that extends until Dec. 31, 2010.

State of Ohio employees will receive a letter providing more detailed application information in October. OPERS has prepared a job description and a set of frequently asked questions that will be available Oct. 18, 2007 on the OPERS Web site, [www.opers.org](http://www.opers.org), or by calling OPERS at 1-614-222-5601. Interested state employees who are not receiving a benefit from OPERS should submit their names for consideration to OPERS, Attention: Debbie Wroe, on or before 4:30 p.m., Thursday, Nov. 8, 2007. Potential candidates should include a letter of intent acknowledging understanding of the duties and time involved and a current resume. After review by the current Board of Trustees, nominated applicants will be contacted on Nov. 16, 2007 to schedule an interview.

The OPERS Board of Trustees is entrusted with the oversight of all OPERS activities, which will help determine the financial futures of some 350,000 members. The Ohio Deferred Compensation Board is the governing body for that program and is responsible for its administration and management.

*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 to our active members and also educate them on the services we provide.

### CONTACT INFORMATION:

[www.opers.org](http://www.opers.org)  
1-800-222-7377  
[newsfeedback@opers.org](mailto:newsfeedback@opers.org)

*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.*

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## OPERS implements changes to Additional Annuity Program

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Last year, the Ohio General Assembly enacted legislation intended to enhance the OPERS Additional Annuity Program. On Jan. 1, 2008, the total value of a member's additional annuity account including accrued interest will be converted to shares in the OPERS Stable Value Fund. The conversion will be on a dollar-for-dollar basis. For example, if there is \$2000 in a member's additional annuity account and the market price of the Stable Value Fund is \$25.00 per share, \$2,000 will be converted to 80 shares of the OPERS Stable Value Fund.

The objective of the Ohio PERS Stable Value Fund is to preserve capital and provide a reasonably predictable return that moves in the general direction of prevailing interest rates. It offers a high degree of security and is specifically designed to protect the original investment.

### What this means to participants:

- All future deposits made on or after Jan. 1, 2008 will purchase shares in the Stable Value Fund.
- Deposits will be invested on the first business day following receipt.
- Members can make deposits as frequently as they like in any amount.
- At the end of each quarter, we will send participants a notice stating the value of their account.
- As with other investment options, Additional Annuity accounts will be subject to the daily gains or losses of the fund and will no longer receive a flat interest rate.
- The value of your additional annuity account will be based on the number of shares you own and the daily value of the Stable Value Fund, which is net of any fees.

### Features that will not change:

- Additional annuity accounts will continue to be held and managed by the OPERS investment staff.
- Earnings on additional annuity accounts remain tax-deferred until distribution.
- Payment options remain the same.
- If a participant dies prior to retirement, their beneficiary(ies) are entitled to their Additional Annuity account.

Current Additional Annuity Program participants were sent a personalized letter explaining the changes and indicating their projected account value as of Dec. 31, 2007.

If you would like to establish an additional annuity account, please see the *Additional Annuity Program* leaflet available at [www.opers.org](http://www.opers.org) under "Publications" on the "Members" section.

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## Member contribution rates to increase in 2008

As part of the strategy to maintain quality health care coverage for current and future retired members, the employee contribution rate will increase to 10 percent for state and local employees and to 10.10 percent for public safety employees in January 2008. The contribution rate for law enforcement employees remains at 10.10 percent. Next year's increases will bring contribution rates to the maximum allowed by state law and complete the three-year phase-in period that began in 2006.

The contribution rate increase will affect the cost to purchase certain types of OPERS service including:

- Elected or appointed (35 percent) additional service
- Leave of absence service
- Non-contributing elective service
- Prior service

To preserve the lower rate for service earned through 2007, you need to request a cost statement and make a partial payment or submit a *Service Purchase Payment Option Form* indicating payroll deduction to OPERS prior to Dec. 31, 2007 or within 30 days from the date a cost statement from OPERS is mailed, whichever is later.

If you have already initiated a service purchase of the types listed for service earned prior to 2007, the cost to purchase that credit will be based on the lower contribution rate in effect at the time the service was earned regardless of the method of payment. Future purchases for service earned on or after Jan. 1, 2008 will be based on the new 2008 rate.

If you have questions about purchasing OPERS service, please consult our *Service Credit and Contributing Months* leaflet available at [www.opers.org](http://www.opers.org). If you would like to request a cost statement, call OPERS at 1-800-222-7377.

# What's New on the Web

Features and additions to [www.opers.org](http://www.opers.org)

**Online index provides more than just definitions** - the new Web site index is helping visitors to the Ohio PERS Web site understand their retirement system better.

What began as an online glossary of terms has evolved and expanded into a more comprehensive index. This new online resource presents definitions, but goes a step further in providing links to pages where the defined word appears on the OPERS Web site as well as links to relevant forms and publications.

**Web site satisfaction survey** - In mid-October, OPERS will post an on-line survey addressing the features and usefulness of our newly designed Web site. The survey will ask your opinion on topics including:

- New site organization - can you find what you're looking for?
- The effectiveness of new online tools, such as a new search engine, online index and direct MBS log in from OPERS.org.
- What features you would like to see added

Please take a few moments to complete this survey. Feedback from site users is extremely valuable as we work to ensure that [www.opers.org](http://www.opers.org) is an easy-to-use source of information for our members and retirees.

**Planning to retire in 2008?** If so, you may want to visit [www.opers.org](http://www.opers.org) and watch the online 2008 health care open enrollment video presentation. The 20-minute video features OPERS health care benefit counselors explaining the main changes to the OPERS health care plan for 2008 and highlighting some important new programs.

**New e-newsletter is a hit with members** - the inaugural issue of OPERS' electronic newsletter was distributed to MBS-registered members via e-mail last quarter and generated a very positive reaction. To receive the e-newsletter, you must be a registered MBS-user and log-on to MBS where you will have an opportunity to choose the electronic version over a paper newsletter.

## Legislative update

### **OPERS adopts Iran and Sudan divestment policy**

The Ohio PERS Board of Trustees adopted an Iran and Sudan Divestment Policy at its September meeting. The policy establishes the goal of reducing investment exposure to the potentially unique risks associated with investments in companies with actual ties to Iran and Sudan only when comparable investments offering similar quality, return and safety are available.

OPERS is in the process of screening our affected investment portfolios to identify companies that may be doing business in Iran or Sudan. We will then engage these companies in a written dialogue advising them of our new policy and requesting a written explanation of their business activities in Iran and Sudan. Once the list of scrutinized companies has been finalized, OPERS will notify our external managers and investment staff regarding our list of scrutinized companies and encourage them to divest from holdings in these companies provided that comparable in-

vestments offering similar quality, return and safety are available.

While OPERS is deeply concerned about the issues of terrorism and genocide, we remain steadfast in our position that our responsibility as fiduciaries to our members must take precedence over any other issues, including foreign policy. We believe that the new Iran and Sudan Divestment Policy will allow us to pursue voluntary divestment from companies doing business in these countries while maintaining our duty of loyalty to our members. This policy approach reasonably addresses concerns raised regarding OPERS' investments in companies having actual ties to Iran and/or Sudan, without necessity of mandated divestment as currently provided in House Bill 151. As reported in the last issue of *Ohio PERS NEWS*, House Bill 151 was re-referred to the House Rules and Reference Committee where it is still pending. We will continue to post developments on this important issue at [www.opers.org](http://www.opers.org).

## Service credit study results presented to ORSC

*Report examines impact of service credit purchases on retirement systems*

The Ohio Retirement Study Council (ORSC), the state's oversight commission for public pension policy, requested a study on the impact of service credit purchase earlier this year. The report was completed and presented to the ORSC in March with the goal of comparing the effect of service credit purchases on each system. Conducted by Milliman actuarial consultants with data provided by the OPERS actuary, the report analyzed 10,017 service purchases (or grants) representing 22 different types of service and their current cost calculations.

**Service credit** continued on page 5



## Upcoming changes affect *when* members can apply for a retirement or disability benefit

OPERS recently submitted administrative rule changes that will affect when you can submit an application for a retirement or disability benefit. **Members affected by the new rules are only those planning to retire effective Jan. 1, 2008 or later AND intending to purchase service or currently purchasing service via payroll deduction.**

Processing your retirement or disability benefit application is a multi-step process. If OPERS is missing necessary information or documents, your benefit can easily be delayed. One of the most common reasons for delays in processing a benefit application is a service purchase that is not complete prior to the member submitting their application.

To help alleviate delays, it will now be necessary to complete all service purchases before applying for a retirement or disability benefit. Once you have completed your service purchase and filed your application, OPERS will be able to proceed with processing your retirement or disability benefit. After filing your application for a retirement or disability benefit, the only way you can purchase service credit is to withdraw your application.

Completing your service purchase(s) before you apply for benefits will allow:

- OPERS to accurately determine that you meet the eligibility requirements to retire
- You to obtain an estimate of your benefit with your total service history including all service purchases
- You to utilize your benefit estimate to make a more informed decision regarding your retirement options and the plans of payment available for you to choose



### **Service credit** continued from page 4

The report revealed that, on average, Ohio PERS members are paying for only 30 percent of the true actuarial pension cost while Ohio PERS is subsidizing an average of 70 percent of the pension costs. With the added health care liability, members are paying only 20 percent of the overall actuarial cost, and Ohio PERS is subsidizing the remaining 80 percent. Results also show that, of the five Ohio retirement systems, Ohio PERS has the most types of credit available for purchase as well as the largest number of members purchasing the credit.

If you are planning to apply for a retirement or disability benefit and intend to purchase service or are currently using payroll deduction to purchase service, please contact OPERS prior to submitting your application and we will assist you with completing your purchase. We must receive any lump sum or partial payment amounts (not including payments made by payroll deduction) needed to complete your purchase before you apply for a benefit.

In addition to completing service purchases, becoming familiar with all the forms and documentation necessary for OPERS to process your retirement or disability benefit application will also help avoid unnecessary delays.

OPERS offers the following ways for you to learn about what is required to apply for a benefit:

- You can contact us to order a *Guide to the Retirement or Disability Benefit Application Process* packet that explains the process in detail and includes all necessary forms.
- You can contact us to schedule an appointment with an OPERS benefit counselor. Benefit counselors will explain the process and supply you with necessary forms.
- You can attend a Retirement Readiness seminar where OPERS education representatives will discuss the retirement process in detail.
- You can find a detailed description of the forms and documents necessary to apply for a benefit at [www.opers.org](http://www.opers.org).

The Ohio PERS Board of Trustees has examined the issue since 2004 with the goal of seeking legislative changes to modify the cost calculations for purchasing certain types of service credit (or for obtaining service credit free of charge). Based on the results of the study, the Ohio PERS Board will reexamine this issue over the next few months with the intent of pursuing legislation to reduce the amount of the subsidy for various types of service credit purchases.

## 2007 - 2008 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 Ohio PERS 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.

**Health care plan seminar** – a seminar for active and retired Traditional Pension and Combined Plan members who are planning for retirement and want to know more about the OPERS health care plan. All seminars begin at 11 a.m. and are free of charge.

**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 and one-half 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.

### HOW TO SELECT YOUR Ohio PERS RETIREMENT PLAN

<b>Athens</b> January 16, 2008	<b>Delaware</b> December 20	<b>Newark</b> November 2
<b>Batavia</b> December 12	<b>Findlay</b> December 7	<b>Painesville</b> December 6
<b>Bowling Green</b> November 14	<b>Hamilton</b> November 6	<b>Port Clinton</b> November 14
<b>Canton</b> November 7	<b>Lancaster</b> December 5	<b>Sharon Woods</b> December 6
<b>Centerville</b> November 6	<b>Lebanon</b> December 5	<b>Wooster</b> November 5
<b>Chillicothe</b> October 17	<b>Mansfield</b> December 12	<b>Youngstown</b> November 7
<b>Circleville</b> November 29	<b>Massillon</b> December 12	
<b>Columbus</b> November 14 December 11 January 8, 2008	<b>Medina</b> November 7	

### 2008 PROVIDING LONG-TERM AWARENESS NOW

<b>Columbus (OPERS)</b> March 12 July 1	<b>Cincinnati (East)</b> June 4	<b>Strongsville</b> June 18
<b>Independence</b> April 17	<b>Perrysburg</b> October 16	

### 2008 OPERS HEALTH CARE PLAN SEMINARS

<b>Akron</b> August 22	<b>Dayton</b> January 18	<b>New Philadelphia</b> March 14
<b>Canton</b> February 22	<b>Elyria</b> April 11	<b>Portsmouth</b> May 8
<b>Cincinnati</b> February 8	<b>Huron</b> June 20	<b>Steubenville</b> July 11
<b>Cleveland</b> March 28	<b>Mansfield</b> July 25	<b>Toledo</b> March 6
<b>Columbus</b> January 11 May 16 August 18	<b>Marietta</b> June 13	<b>Youngstown</b> April 18

(calendar of seminars continued on page 7)

## 2007 - 2008 calendar of educational seminars

### 2008 RETIREMENT AWARENESS PROGRAM

<b>Athens</b> May 1	<b>Columbus (OPERS)</b> June 5 July 2	<b>Mansfield</b> August 28
<b>Boardman</b> July 17	October 14 November 12 December 10	<b>Perrysburg</b> March 27 July 30 October 15
<b>Canton</b> May 15	<b>Cuyahoga Falls</b> July 9	<b>Sharonville</b> December 3
<b>Cincinnati (East)</b> February 20 June 5 August 27	<b>Dayton</b> January 24	<b>Strongsville</b> January 16 June 19 September 17
<b>Cincinnati (North)</b> April 9	<b>Eastlake</b> August 13	
	<b>Independence</b> October 22	

### 2008 RETIREMENT READINESS

<b>Athens</b> May 2	<b>Cincinnati (North)</b> April 10 December 4	<b>Mansfield</b> September 3
<b>Boardman</b> July 18	<b>Cuyahoga Falls</b> July 10	<b>Perrysburg</b> March 28 July 31 October 17
<b>Canton</b> May 16	<b>Dayton</b> January 25 May 29	<b>Sharonville</b> December 4
<b>Columbus (OPERS)</b> May 30 July 3 August 29 November 13	<b>Eastlake</b> August 14	<b>Strongsville</b> January 17 June 20
<b>Cincinnati (East)</b> February 21 August 28	<b>Independence</b> April 18 October 23	

### 2007 - 2008 REMOTE COUNSELING SESSIONS

<b>2007</b>	<b>Cuyahoga Falls</b> January 7-10 May 5-8	<b>Sidney</b> March 3-6
<b>Chillicothe</b> December 10 - 14	<b>Lima</b> February 25-28	<b>Strongsville</b> Jan 28-31 May 19-22
<b>Cincinnati (East)</b> November 26 - 30	<b>Miamisburg</b> April 14-17	<b>Youngstown</b> March 17-20
<b>2008</b>	<b>Perrysburg</b> February 4-7 June 9-12	
<b>Cincinnati East-gate</b> June 16-19		

## 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

**Vacant**  
State Employees

**Sharon M. Downs**  
Retired members

**John W. Maurer**  
Retired members

**Kimberly Russell**  
State College and University Employees

**Cynthia Sledz**  
**Vice Chair**  
Miscellaneous Employees

**Ken Thomas**  
**Chair**  
Municipal Employees

**Helen Youngblood**  
County Employees

### Statutory Board Member

**Hugh Quill**  
Director, Department of Administrative Services

### Appointed Board Members

**Vacant**  
Investment Expert  
Governor Appointee

**Warren W. Tyler**  
Investment Expert  
Treasurer of State Appointee

**James R. Tilling**  
Investment Expert  
General Assembly Appointee

**Chris DeRose**  
*Executive Director*



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## National Save for Retirement Week begins Oct. 21

Celebrate National Save for Retirement Week by examining your retirement savings to make sure you are on track to future financial security. During the week of Oct. 21, take some time to review your OPERS account, along with your personal savings and other investments to see if your financial picture is in line with your hopes for retirement.

As we have discussed in previous articles, your OPERS retirement benefit is a key piece of your future financial security, but it is only one part of a larger financial picture. Financial advisors say you'll need about 80 percent of your pre-retirement earnings to comfortably maintain your lifestyle throughout your retirement years. Under the Traditional Pension Plan, a full retirement benefit with 30 years of service credit is 66 percent of your final average salary. So, the largest portion of your retirement income may come from your OPERS retirement benefit, but it is recommended you not depend on it exclusively. Your OPERS benefit, coupled with personal savings and investments will constitute a more complete retirement income.

For more information on supplemental savings opportunities, visit our Web site at [www.opers.org](http://www.opers.org) where you can read the *Saving for Retirement* leaflet. Our leaflets can be found under the heading of "Information Series Publications (leaflets)" on the member publications page. The *Saving for Retirement* leaflet details the Ohio Deferred Compensation Program, the OPERS Additional Annuity Program, and additional voluntary contributions to individual OPERS accounts under the Combined Plan. If you have questions regarding a potential Social Security benefit, contact the Social Security Administration at 1-800-772-1213 or visit [www.ssa.gov/gpo-wep/](http://www.ssa.gov/gpo-wep/).

When planning for a comfortable retirement, it is important to keep the big picture in mind. Think about the kind of life you want to lead in your 60s, 70s, and beyond and then consider all your potential income sources. It is important to devise a strategy now so that your OPERS retirement benefit gives you a solid foundation, but it is not your single source of income at retirement.