

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Member-Directed Plan



The benefits of membership

2008 will bring more audience-specific OPERS publications

OPERS serves more than half a million active and retired members. Can we assume that each of these members is at the same point in their career and has the same needs and concerns? Of course not. We have long made a distinction between the needs and interests of active and retired members in our communication materials. In 2007, we changed our "one-size-fits-all" active member communication philosophy by introducing newsletters and other

publications tailored to those active members participating in each of OPERS' three distinct retirement plans. In 2008, we'll expand on this concept by introducing communications that provide specific information for members in different stages of their careers. Our goal is to help members start early and consider their plans for retirement throughout their career.

Also included will be a description of the OPERS retirement process and an overview of the seminars and one-on-one counseling we provide to assist members leading up to and during the retirement application process.

18 months in — Also in 2008, we plan to introduce another specialized communication directed at those members who have achieved 18 months of service in an OPERS-covered position. This is a crucial time to let members know what benefits they have already earned and describe those they can look forward to earning as their career in public employment progresses. This communication also provides an excellent opportunity to stress the advantages of beginning a supplemental retirement savings program early in a career.

We plan to tailor these new publications to address the specific needs of members participating in each of our three retirement plans as well. Our intent is to be your partner as you plan for retirement — whether retirement is right around the corner or on down the road.

Five years and counting — During 2008, we will begin sending a special publication to those members who are within five years of eligibility for retirement. The communication will address subjects members ought to keep in mind during their last years of employment.

The benefits of membership

○ ○ ○ 1

RMA statements set to mail in January

○ ○ ○ 2

2008 mitigating rate announced

○ ○ ○ 2

Be sure OPERS information finds you

○ ○ ○ 3

Legislative Update

○ ○ ○ 3

Managing your OPERS account workshop

○ ○ ○ 4



RMA statements set to mail in January

Annual statements for your Retirement Medical Account (RMA) will be mailed in January 2008 and will include all account activity that occurred during the previous year. These statements also reflect "total" and "vested" account balances. This account information is based on the contributions received from employers as of Dec. 31, 2007. If you have questions about your RMA, you can access your account information online through the OPERS Member Benefits System (MBS) or call Aetna customer service at 1-888-672-9136.

For more details about your RMA, a fact sheet is available online at www.opers.org/pdf/healthcare/RMA-factsheet.pdf, along with a list of expenses eligible for RMA reimbursement: www.opers.org/pdf/healthcare/RMA-Cov-Exp-2007.pdf.

Mitigating rate announced

When the Member-Directed and Combined Plans were established in 2003, the legislation provided that the establishment and ongoing administration of these defined contribution plans should not have a negative financial impact on the Traditional Pension Plan. Under state retirement law, if the defined contribution plans have had a negative financial impact on the Traditional Pension Plan, then a percentage of employer contributions, known as the mitigating rate, will be redirected to the Traditional Pension Plan to compensate for that negative impact.

It is important to note that in 2008 employer contributions are increasing for all employers reporting to OPERS. Both state and local employers will begin contributing at the same rate of 14.00 percent. In reviewing this matter and in setting the employer contribution rates, the Board has increased the employer contribution to a Member-Directed Plan individual account to 8.73 percent for both state and local employers. A 4.5 percent contribution to a Retiree Medical Account (RMA) will be maintained. The portion of employer contributions that comprises the mitigating rate will come from this increase in employer contributions.

After its annual review of the mitigating rate, the OPERS Board has determined that there will be a slight change for 2008. The mitigating rate for employees of both state and local government agencies will be 0.77 percent. The same mitigating rate will also apply to employer contributions for Combined Plan participants in 2008. You should have received a letter from OPERS containing details about how this affects your individual account.

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
 1-800-222-7377
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.

Legislative update

OPERS continues work outlined in Iran and Sudan divestment policy

As reported in the last issue of *Ohio PERS News*, the Ohio PERS Board of Trustees adopted an Iran and Sudan Divestment Policy at its September meeting. OPERS continues to screen our affected investment portfolios to identify companies that may be doing business in Iran or Sudan. We have also begun the process of engaging 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 investments offering similar quality, return and safety are available.

This policy 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. House Bill 151 is currently pending in the House Rules and Reference Committee. We will continue to post developments on this important issue at www.opers.org.

Senate committee holds hearing on GPO and WEP

The Senate Finance Subcommittee on Social Security, Pensions and Family Policy held a hearing on Nov. 6, 2007 on the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP).

A retired teacher from Massachusetts and a CalPERS Board member provided witness testimony urging repeal of the GPO and WEP.

The General Accounting Office and the Urban Institute also appeared on the panel and presented testimony. Ohio PERS supports the repeal of the GPO and WEP on the basis that it unfairly penalizes many OPERS retirees.

In the past, mandatory Social Security coverage has been suggested as a way to cover the costs of repealing the GPO and WEP. However, we remain opposed to mandatory Social Security coverage for public sector employees because it would undermine our ability to provide current benefits and impose an additional financial burden on our employers.

Interested parties should contact the Chairman of the subcommittee, Senator John Kerry (D-MA) and urge the committee members to support S. 206, which would repeal both the GPO and WEP.

Be sure vital OPERS information finds you – Keep your personal data current

Have you moved recently or had a change in your family status? If so, it is your responsibility to let OPERS know of any changes in your personal data including your address or beneficiary designation. Also, if you have chosen to view annual statements and newsletters online instead of receiving paper copies, be certain that OPERS always has your current e-mail address. By keeping your personal information current, you will receive accurate information from us in a timely manner.

The easiest way to make changes to your personal data is through the Member Benefits System (MBS) at www.opers.org. If you are not yet an MBS user, registering is simple. Just follow these steps:

1. Go to www.opers.org and choose 'Register Now' from the pull-down menu in the MBS log in section (top right corner of page).
2. Follow the on-screen prompts to complete your registration.

Upon completing your registration, you will see a confirmation screen, letting you know that your registration was successful. You will receive a letter with your six-digit Personal Identification Number (PIN) in the mail. Once you've received your PIN, return to www.opers.org and enter your user ID and PIN. You're ready to start using MBS!

CORRECTION - The Fall 2007 issue of *Ohio PERS News* included an article titled "National Save for Retirement Week begins Oct. 21". This article contained the following sentence: "A full OPERS retirement benefit with 30 years of service credit is 66 percent of your final average salary." This is not true for OPERS members participating in the Member-Directed Plan because their retirement benefit is based on their account value and annuity factors at the time of retirement.



You can choose from two ways to participate in the *Managing Your Individual OPERS Account* Workshop

In-Person Workshop

OPERS staff provide investment education and discusses the tools and resources available to help Member-Directed and Combined Plan participants manage their OPERS account. During the one-hour workshop participants will learn different ways to help manage risk in their individual account. Participants will also complete and evaluate their specific Investor Profile and receive additional information regarding the nine OPERS Investment Options.

Columbus — Wednesday, May 21, 2008, 4:30 p.m.
OPERS, 277 East Town Street, Columbus

Call the OPERS Member Services Center at 1-800-222-7377 and ask for extension 8-3993 to reserve your spot at this informative workshop.

Web Workshop — Wednesday, March 19, 2008, noon

You will receive the same information as those attending the live event, but you can do it through the convenience of your own computer at lunchtime. You will need high-speed Internet access and a phone. The web workshop is interactive, so you can ask questions and learn from what others ask.

Log on to <https://www.opers.org/seminars/members/manage.shtml> to register to participate in this workshop.

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

Chief Executive Officer