

# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

## Combined Plan



## Target date funds available for investment

### New investment options added to the line-up

OPERS began offering 10 new Target Date Funds on Oct. 1, 2008. Along with these additions, the three Pre-Mixed Portfolios (Conservative, Moderate and Aggressive) will be eliminated Dec. 1, 2008. Target Date Funds are a one-stop investment option for your long-term retirement planning. They are easy to use because they automatically select the asset allocation of OPERS funds that

is suitable for you based on your “target” retirement date or the date you plan to start taking distributions from your account. They are set up in five year increments and offer a mix among stocks, bonds and other investments. The asset allocation automatically changes and becomes more conservative as you near retirement.

account balance in the Pre-Mixed Portfolios will be moved on Dec. 1 to the appropriate Target Date Fund based on your birth date and the assumption you will retire at age 65. In addition, any percentages you are contributing to a Pre-Mixed Portfolio will be redirected to the appropriate Target Date Fund.

### Choosing the Target Date Fund that's best for you

To decide which Target Date Fund is right for you, determine the year in which you think you will terminate service and begin taking distributions from your account. Choose the Target Date Fund that is closest to that date. These funds and their corresponding asset allocations were developed with the idea that this is an individual's only source of retirement income.

*For example: If you are 37 years old and expect to retire in 25 years at age 62, your retirement year would be approximately 2033. The OPERS Target 2035 Fund is closest to when you expect to start withdrawing money from your individual account. This fund would provide you with an appropriate and simple investment strategy for your time horizon.*

### What this means for you

If you are currently investing your contributions in one of the Pre-Mixed Portfolios, we encourage you to move your balance into one of the Target Date Funds or build your own portfolio with the six core OPERS Funds. If you don't take action by 1 p.m. on Friday, Nov. 28, 2008, your individual

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# Market downturn impacts OPERS fund

## Your pension benefit is safe

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

*It is your responsibility to be certain that OPERS has your current address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account.*

*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.*

A variety of issues plague the economy, including a troubled housing market, credit crunch, and high energy prices, making it a very difficult environment for investors. Some analysts predict the markets will not rebound this year, and it remains uncertain when a recovery could begin.

Much like the down markets of the late 1980s and the more recent market downturns brought on by the Sept. 11, 2001 attack and the so-called high tech bubble from 2000-2002, extreme market volatility will put pressure on OPERS' annual pension investment returns.

Jennifer Hom, OPERS Director of Investments, noted that the last 18 months have been a challenging period for all investors, and further downturns in the market can be expected. However, she noted, "Our fund is strong enough to weather these challenges in the financial market. Your pension benefit is safe."

As institutional investors, OPERS is positioned to weather the volatility in the market with a well-diversified portfolio across asset classes, geographies, sectors and views returns with a long-term perspective. OPERS' investment strategy continues to reflect a disciplined approach to meet current and future benefit obligations.

"We have faced downturns in the market before and will survive this one. We have an experienced and talented staff and we are working diligently amidst this financial turmoil." Hom said.

OPERS has a well-defined investment program that includes a strategic asset allocation and an annual investment plan which outlines asset growth and target allocations, risk and return expectations, and key initiatives to allow us to continue enhancing the program. In addition, experienced investment consultants work with the Board and staff to provide independent advice.

Despite this challenging environment, OPERS' investments beat their benchmark during the calendar year ended Dec. 31, 2007, and continue to navigate the troubled economy.

At the end of 2007, OPERS' Defined Benefit Plan stood at \$69.7 billion, with a return of 8.89 percent and ahead of its projected benchmark of 8.66 percent. The Health Care (HC) Plan stood at \$13.2 billion as of Dec. 31 with 31 years of solvency. In other words, the HC Plan has enough assets to cover the next 31 years of health care expenses for our members.

The global economic crisis will impact absolute returns in 2008, but we remain focused on the optimization of returns while selectively looking for opportunities.

## **Target date funds available for investment** *(continued from page 1)*

### **New investment options added to the line-up**

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When choosing a Target Date Fund remember to consider if it is an appropriate fit with your overall financial retirement plan. If the Target Date Fund that is most suitable for your termination date is not aggressive or conservative enough for you, you can select a slightly more aggressive or conservative Target Date Fund or you could consider putting a portion of your contributions into one of the OPERS equity investment options (more aggressive) or our bond or stable value fund (more conservative). Remember to keep your other retirement savings (i.e. Ohio Deferred Compensation, Roth IRA) in mind when making any investment decision.

If the date you think you will terminate service is between two Target Date Funds, you should choose the fund that is closest to the actual date. For example, if your target date is 2017, you would choose the OPERS Target 2015 Fund. Or, you might consider dividing your contributions equally between the two funds that bracket your date (2015 and 2020).

### **Resources available for you to learn more**

Participate in one of the live, interactive web seminars scheduled to discuss the Target Date Funds. Check the Web site, [www.opers.org](http://www.opers.org), for the schedule and instructions on how to register.

You also can consult our Web site for details about the transition to the Target Date Funds, fund information and more. Links are available at the bottom of the home page.

Call the OPERS Help Line at 1-866-673-7748 with questions or for assistance with changes to your investments.

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## **OPERS introduces Virtual Hold™ technology**

OPERS has implemented a Virtual Hold™ system to help us better serve our members and retirees. Virtual Hold™ technology allows callers placed on hold to choose to receive a callback from an OPERS member services representative in the same amount of time as they would have waited on hold. Callers no longer need to remain on the phone while waiting for an available representative, yet they do not lose their place in line. Calls are taken or returned in the order they are received.

Virtual Hold™ provides the following options when a caller is faced with a wait time of more than 2 minutes before their call can be answered:

- Informs the caller of an estimated wait time
- Allows the caller to leave their phone number for a call back (OPERS will make three attempts to return each call, if necessary)

- Allows the caller to wait on hold if they wish
- Allows the caller to schedule a callback at a more convenient time

We estimate the implementation of Virtual Hold™ technology will improve satisfaction with our service by reducing wait time, improving our average speed of call answer and reducing the numbers of calls that are abandoned while on hold. The system will also save representative time, save toll costs and reduce the need for repeat calls. Most importantly, Virtual Hold™ will allow our member service representatives to maintain a high level of service despite a consistently growing number of calls. The new system won't eliminate wait time, but it will allow us to be respectful of each caller's time by offering them options for receiving the information they need or an answer to their question.

# Legislative update

## **Iran and Sudan Divestment Policy Update**

The OPERS Board and staff continue to implement the Iran and Sudan Divestiture policy adopted by the Board in September 2007.

For the first year, the Iran and Sudan Divestment Policy requires OPERS staff to prepare quarterly reports for the Board updating them on progress made towards managing and implementing the policy. Thereafter reports will be provided to the Board on a semi-annual basis.

The second quarterly report was presented to the OPERS Investment Committee at its August meeting and covered the period from Dec. 31, 2007 to July 1, 2008. During the review period, OPERS' exposure to scrutinized companies declined from 39 names representing \$621 million in exposure to 24 names and \$597 million in exposure. This decline occurred during a period when companies in the financial sector struggled relative to energy and materials firms. Over three quarters of the names on the OPERS Scrutinized Companies List are classified as belonging to the energy or materials sectors.

While there continues to be a net decrease in our holdings in scrutinized companies, it is still too early to draw any conclusions about the impact of the new policy. OPERS will continue to implement the policy and provide members with updates after they are presented to the OPERS Board.

## **OPERS Purchase of Service Credit Legislation Introduced**

At the request of the OPERS Board, Representative Lynn Watchmann (R-Napoleon) introduced HB 600 in July. The goal of the legislation is to modify the current statutory formulas for determining the cost of purchasing various types of service credit so that the system receives close to the full actuarial cost of the service credit purchased.

A recent study by the Ohio Retirement Study Council indicated that OPERS is subsidizing approximately 80 percent of the actuarial liabilities to the pension and health care funds caused by service credit purchases under current law. The proposed legislation is fair and equitable to OPERS members and represents sound pension trust fund policy by requiring that the members who benefit from the service credit purchases pay the actuarial liabilities to OPERS created by the service credit purchases.

## **Pension forfeiture law enacted**

Before recessing for the summer, the Ohio General Assembly enacted legislation to add a provision that specified felonies could trigger forfeiture of a member's pension. Previously only certain theft-in-office convictions could result in a restitution payment from a member's pension, but not a forfeiture to the retirement system.

Senate Bill 3 was signed as an emergency measure and became effective May 13, 2008. The legislation applies to public employees who are convicted of certain felonies while serving in a position of public trust, such as elected officials and executive appointments to boards and commissions.

The bill is prospective in nature and requires local prosecutors to contact OPERS if a member is being charged with a felony that triggers possible pension forfeiture. OPERS will then place a hold on the member's account until the charges are resolved in a court of law.

## Planning to retire? Part 2

### Plan carefully for your move to the OPERS health care plan

In our last issue, we discussed the importance of familiarizing yourself with the OPERS health care plan as you prepare for retirement. Once you have learned about the coverage offered by the OPERS health care plan, you will need to determine how the plan will work for your personal situation –

- What family members can you cover?
- How much will coverage cost?
- When will your coverage take effect?
- How does your Medicare status affect the OPERS plan?

OPERS offers a variety of ways for you to get the answers to these questions and help you make a smooth transition from your employer-sponsored health plan to the OPERS retiree health care plan.

**Coverage guide** – Our *Health Care Coverage Guide* contains detailed information about OPERS health care plan choices as well as dependent eligibility, Medicare guidelines and a description of optional coverage (dental, vision, long-term care). When you contact OPERS to receive your retirement application packet, you will also receive a coverage guide. However, the guide is available for your review on our Web site, [www.opers.org](http://www.opers.org), at any time.

**Health care cost estimates** – Using the Member Benefits System (MBS) at [www.opers.org](http://www.opers.org), you can generate a cost estimate for your health care coverage at retirement. You can also obtain a cost estimate by calling 1-800-222-7377. An estimate will be prepared for you and sent by mail. Because costs are unpredictable and change from year to year, we recommend you obtain a health care cost estimate no more than one year prior to your estimated retirement date.

**Counseling and Seminars** – Personalized retirement counseling is available at the OPERS office in Columbus, over the phone or in cities around the State (schedule listed on page 6). Our benefit counselors will review the details of your OPERS account and answer all questions you have pertaining to retirement as well as health care coverage. Please call us to schedule an appointment. Health care seminars designed specifically for members preparing to retire are also available (schedule listed at right).

## Coming in 2009 - A health care seminar designed specifically for active members

OPERS has offered a health care seminar for both active and retired members for several years. In response to requests and a recognition of the differing needs of these two groups, our health care education representatives will be presenting two distinct health care seminars in 2009.

The member-specific health care seminar is designed to address the needs and concerns of active members within 5 years of retirement. The seminar will help prepare members for the transition from employer-sponsored health care coverage to the OPERS retiree plan. Members will learn the details of their coverage options and how to navigate the application process.

All active member seminars begin at 1:00 p.m. Registration is required and seminars do fill quickly. Please call 1-800-222-7377 or visit [www.opers.org](http://www.opers.org) to register.

### 2009 OPERS Health Care seminars

<b>Akron</b> June 12	<b>Elyria</b> April 17	<b>Steubenville</b> June 26
<b>Cambridge</b> March 27	<b>Mansfield</b> June 19	<b>Strongsville</b> February 13
<b>Canton</b> March 20	<b>Mentor</b> May 29	<b>Toledo</b> February 26
<b>Cincinnati</b> May 1	<b>Miamisburg</b> January 30	<b>Youngstown</b> April 24
<b>Columbus OPERS</b> March 13 May 15	<b>Newark</b> January 15	

**2008 Seminar for both active members and retirees:  
Chillicothe  
December 12**

## 2009 calendar of educational seminars

### We offer a wide variety of educational seminars.

To register please call 1-800-222-7377 or register online by logging into the Member Benefits System (MBS).

#### 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 and others. There is no cost to attend this half-day seminar. You may bring one non-member guest with you. Pre-registration is required.

**Retirement Awareness Program (RAP)** – A seminar for members who are within five years of retirement. Topics include OPERS benefits, deferred compensation and Social Security. There is no cost to attend this full-day seminar, which includes lunch and supplemental reference materials. You are welcome to bring one non-member guest with you. Pre-registration is required.

**Retirement Readiness** – A seminar for members who are within 18 months from retirement. Your Ohio PERS benefits are discussed, along with timeframes and details of paperwork needed for processing your pension benefits. There is no charge for this half-day seminar. Pre-registration is required of members and any accompanying non-member guest.

**Counseling sessions** – personalized retirement counseling is available at the OPERS office in Columbus or even over the phone. Call 1-800-222-7377 to make an appointment.

*Our seminars fill up quickly, so please register as early as possible. All dates and locations are subject to change. Seminar registrants will be notified of any changes at the earliest possible time.*

#### Combined Plan participants:

As a member participating in the Combined Plan, we invite and encourage you to attend any of the educational seminars listed here. Although the information will be beneficial, we want you to be aware the current focus of these seminars is on the defined benefit portion of your plan. We plan to add information about the defined contribution portion for Combined Plan members as time progresses and more members begin to retire under the Combined Plan.

To help us provide you with the most relevant information possible, please indicate that you are a member participating in the Combined Plan when registering for a seminar. Knowing this will allow us to have materials and staff available to address your specific needs and concerns. We also recommend scheduling a one-on-one appointment with an OPERS benefits counselor prior to applying for retirement under the Combined Plan.

#### 2009 RETIREMENT READINESS

<b>Athens</b> May 20	<b>Cleveland Eastlake</b> July 7	<b>Independence</b> April 30 October 22
<b>Boardman</b> October 8	<b>Columbus OPERS</b> August 13 November 19	<b>Mansfield</b> June 23
<b>Canton</b> June 3	<b>Cuyahoga Falls</b> November 18	<b>Perrysburg</b> February 26 September 4 November 5
<b>Cincinnati East</b> April 22 August 6	<b>Dayton</b> July 29	<b>Strongsville</b> August 20
<b>Cincinnati North</b> June 11		

## 2009 calendar of educational seminars

### 2009 PROVIDING LONG-TERM AWARENESS NOW

<b>Canton</b> June 5	<b>Cuyahoga Falls</b> March 26	<b>Dayton</b> July 31
<b>Cincinnati East</b> April 23	<b>Cleveland Eastlake</b> July 9	<b>Mansfield</b> June 25
<b>Columbus OPERS</b> July 16		

### 2009 RETIREMENT AWARENESS PROGRAM

<b>Athens</b> May 19	<b>Cleveland Eastlake</b> July 8	<b>Independence</b> April 29 October 21
<b>Boardman</b> October 7	<b>Columbus OPERS</b> May 13 July 17 October 15 December 2	<b>Mansfield</b> June 24
<b>Canton</b> June 4	<b>Cuyahoga Falls</b> September 17	<b>Perrysburg</b> February 25 September 3 November 4
<b>Cincinnati East</b> August 5	<b>Dayton</b> February 12 July 30	<b>Strongsville</b> August 19

## Managing Your Individual OPERS Account Workshop

OPERS staff provides 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 receive additional information regarding the OPERS Investment Options.

Please visit [www.opers.org](http://www.opers.org) for future dates and locations.

## 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

**Eddie Parks**  
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

**Lennie Wyatt**  
Investment Expert  
Governor Appointee

**Eva M. Burris**  
Investment Expert  
Treasurer of State  
Appointee

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

**Chris DeRose**  
*Chief Executive Officer*



## October 19 - 25 is National Save for Retirement Week

**Fact:** *Americans are living longer and health care costs are increasing, retirement costs are steadily growing.*

**Fact:** *Research indicates that American workers may need 80-to-100 percent of their current income in retirement.*

National Save for Retirement Week is the first congressionally endorsed, national event formally calling on employees to learn about and take full advantage of their employer-sponsored retirement savings programs. OPERS encourages all of our members to take time during the week of Oct. 19 to review your OPERS account, your personal savings and other investments to determine if your financial picture is in line with your hopes for retirement.

Your OPERS pension benefit is a key piece of your future financial security, but it should only be one part of a larger financial picture. 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 making voluntary contributions to your individual OPERS account, visit our Web site at [www.opers.org](http://www.opers.org) to access our *Saving for Retirement leaflet*.

Additional information on all aspects of personal money management is available at [www.yourmoneynowonline.org](http://www.yourmoneynowonline.org). Your Money Now is a free, interactive resource provided by the Ohio Treasurer of State and includes information on retirement savings, credit and debt, home ownership, financial planning, taxes and saving for education. The site provides articles, links, calculators and electronic newsletters all designed to help you take control of your finances -- now.

Keep in mind that it is never too soon to plan for a comfortable retirement. No matter what your age or how many years you are from retiring, **now** is the time to put a plan in place which allows your OPERS pension benefit to give you a solid foundation, but also incorporates other sources of retirement income.