

# Ohio PERS NEWS

## YOUR BENEFIT CONNECTION

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

### Member-Directed 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.

2008, your individual 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,

Target date funds available for investment

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

## 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.

**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)

*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.*

## OPERS announces change in vesting schedule for Retiree Medical Account (RMA)

OPERS is pleased to announce a change in the vesting schedule for your Retiree Medical Account (RMA) that will entitle you to more funds to help pay for qualified medical expenses. The OPERS Board of Trustees approved a change during the September Board meeting to accelerate the vesting schedule and increase the amounts that you would be able to use.

Currently, the RMA vesting schedule allows members to become 30 percent vested after three years of participation in the Member-Directed Plan and then increases by 10 percent each year until year 10 when the member becomes 100 percent vested. The new vesting schedule increases by 20 percent after each of the first five years of participation in the Member-Directed Plan. This allows someone to be partially vested in the account balance after only one year of participation (versus the current three year requirement) and allows full vesting in the RMA after only five years instead of the current ten-year requirement.

You will receive an RMA statement in January 2009 for the period ending December 31, 2008. This statement will not reflect the new vesting schedule since this change goes into effect on January 1, 2009. The new vesting schedule will be reflected on the semi-annual statements being mailed in July 2009 for the period ending June 30, 2009.

It is important to note that if you are planning to refund your account or apply for retirement during this interim period, you may want to consider waiting to take this distribution. Any distributions from your Member-Directed Plan account

balance during the months of October through December 2008 will cause non-vested balances in the RMA to be forfeited based on the old vesting schedule. Any distributions processed on or after Jan. 1, 2009 will result in non-vested balances to be forfeited based on the new schedule. By waiting to take distributions from your Member-Directed Plan account until January 2009 or later, you will likely be entitled to keep more funds in your RMA than you would have been entitled to had you received a distribution in 2008.

Years of Participation in the Member-Directed Plan	Current percentage vested	Percentage vested as of Jan. 1, 2009
0	0%	0%
1	0%	20%
2	0%	40%
3	30%	60%
4	40%	80%
5	50%	100%
6	60%	100%
7	70%	100%
8	80%	100%
9	90%	100%
10	100%	100%

If you have already submitted a refund or retirement application, please call the OPERS Member Services Center at 1-800-222-7377 (PERS) to discuss your options with a representative.

## Legislative update *(continued)*

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.



Ohio Public Employees  
Retirement System

277 East Town Street Columbus, OH 43215-4642

# Ohio PERS

NEWS

YOUR BENEFIT CONNECTION

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## 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