

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Traditional Pension Plan

Answers to your questions regarding recent OPERS investment performance

A message from Chris DeRose, Ohio PERS CEO

In the last issue of Ohio PERS NEWS, we addressed the fact that retiree pensions remain secure despite a significant decline in value for the OPERS investment portfolio in 2008. The message addressed fears regarding our continued ability to support pension payments, but also prompted members to ask additional questions about OPERS' financial status. Because it's important for our entire membership to have a clear understanding of the market downturn's impact, we have compiled the answers to some of the most common questions we've received.



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How did OPERS perform in 2008?

For the first time in five years the pension fund experienced a decrease in fund assets in 2008 ending the year with \$59.0 billion in assets compared to \$82.9 billion at the end of 2007. This decrease represents a negative 26.9 percent return. In the previous five years the returns were 8.9 percent in 2007, 14.7 percent in 2006, 9 percent in 2005, 12.5 percent in 2004 and 25.3 percent in 2003.

Has OPERS ever experienced a market downturn to this degree?

No. The lows that we witnessed in the investment market over the last several

months have impacted just about every sector of the economy and are unprecedented for OPERS. However, it's important to understand that the system remains strong and stable due to our diversified portfolio, disciplined investment approach and experienced investment staff.

What impact will the decrease in fund assets have on OPERS members and retirees?

At this time we do not anticipate the downturn will affect current or future pension benefits. That said, OPERS will continue to monitor all aspects of the pension and health care plans and take appropriate steps to support the sustainability of each plan. For example, at their March meeting, the OPERS Board of Trustees acted to increase the percentage of employer contributions currently dedicated to funding pensions.



Answers to your questions

(continued from page 1)

How is the OPERS investment portfolio positioned to weather the economic downturn?

Regardless of the economic climate, OPERS adheres to an investment plan specifically designed to withstand market fluctuations. We invest for the long term and maintain a diversified portfolio spread over many asset classes, market sectors and geographies.

As a long term investor, we aim to achieve an average return of 8 percent over time. Periodic market downturns occur and are incorporated into this average as are periods of positive returns. OPERS will continue to monitor all aspects of the pension system, including investment returns and make adjustments as necessary.

Do you see the pension system rebounding and, if so, when?

No one knows when the market will rebound, and it may take several years to regain the losses we have sustained. We are optimistic about the financial future of OPERS. During its 74-year history, OPERS has positioned its investments with a disciplined approach to respond to market downturns and volatility. Our approach to investing has and will continue to be long term. We remain focused on providing a secure retirement benefit for public employees in Ohio.

Legislative update

Senate Bill 267

Amended Sub. SB 267 became effective on March 24, 2009. The bill contained several provisions that impact members of our law enforcement program.

As part of SB 267, municipal public safety directors are no longer classified within or contributing under the OPERS law enforcement division effective March 24, 2009. SB 267 has reclassified these public safety directors within the non-law division.

Another provision of SB 267 authorizes the OPERS Board to adopt a rule allowing certain OPERS members to convert their non-law enforcement service credit to law enforcement

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Ohio PERS NEWS – Your Benefit Connection is a quarterly newsletter providing news and information to more than 374,000 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.

Can I borrow against my OPERS account?

To protect your future benefits, loans are not allowed by law

“Can I take out a loan against my OPERS account?”

“Is it possible to make a withdrawal from my retirement account?”

From time to time, especially during challenging economic climates, we receive these type of questions from our members. The simple answer to these questions is “no”, but there are significant reasons.

State retirement law provides that OPERS contributions, along with interest and an additional amount, if applicable, may be refunded only after you terminate all public employment and three months from the date you terminated have passed. Also, federal tax law prohibits OPERS members from receiving distributions from their accounts while remaining employed in the public sector.

Since you contribute to OPERS for your public employment and not to Social Security, your OPERS benefits can yield a substantial portion of your income as a retiree. State retirement law does not permit loans from OPERS as loans issued against your retirement account could compromise your retirement savings and pose a financial burden at retirement.

If you decide to terminate public employment, you may choose to leave your account on deposit with

OPERS. By doing so, your membership continues in OPERS until you take a refund of your account, receive a retirement benefit or until your death. In addition, your employee contributions continue to earn interest at a rate set by the OPERS board, currently one percent.

Once you terminate public employment, consider very carefully what you want to do with your OPERS account. Depending on your years of service credit and in which retirement plan you participate, leaving your account on deposit may qualify you to receive valuable benefits upon reaching an eligible age. **We highly recommend that you talk with an OPERS representative before you take a refund of your account. A counselor can explain the benefits you have earned and what you may be forfeiting by refunding your account.**

Members participating in the Ohio Public Employees Deferred Compensation Program may qualify for an early withdrawal if they have experienced an unforeseen emergency. The provision is designed to aid those suffering extreme financial hardships due to circumstances beyond their control. Qualification is subject to IRS guidelines. Please contact the deferred compensation program directly at 1-877-644-6457 for more information.

Take it or leave it?

Leaving your account on deposit with OPERS after termination of public employment could yield the following benefits:

- With at least five years or 60 contributing months of service credit in the plan, you have earned a right to a retirement benefit payable, upon application, at age 60.
- With 18 months of contributing service credit in the plan and with three of those months occurring two-and-a-half years immediately before death, you have earned survivor benefit protection for qualified survivors.
- If you become permanently disabled within two years of termination of plan participation and you have at least five years of service credit in the plan, you may apply for disability benefits.

Elections to be held for three positions on the OPERS and Ohio Deferred Compensation Boards of Trustees

Elections for three seats on the OPERS and Ohio Deferred Compensation Boards of Trustees will be held in September. Active county and miscellaneous employees as well as retirees will have the opportunity to elect a candidate for representation on the Boards. Individuals elected to the OPERS Board also automatically serve on the Ohio Deferred Compensation Board. Those elected will serve four-year terms beginning in January 2010.

Under Ohio law, a candidate seeking an employee member seat is required to obtain a minimum of 500 signatures from active members of their employee group. At least 10 different counties must be represented by a minimum of 20 signatures each. The same rules apply to a retiree seeking nomination except that they must obtain at least 250 signatures. At least 5 different counties must be represented by a minimum of 10 signatures each.

Monday, Oct. 5. The final results will be certified by the Secretary of State's office.

Change of address? Please be certain that OPERS has your current address so that you will receive your election ballot.

2009 OPERS Board of Trustees election schedule

Nominating petitions available	June 12
Completed petitions due	August 3
Voting materials mailed	August 28
All votes must be received by	October 2
Election count	October 5

Nominating petition packets will be mailed to employers on Friday, June 12 for distribution to interested candidates.

County employees are those working for a county in Ohio. Miscellaneous employees include, but are not limited to, those working for one of the following: park district, conservancy district, sanitary district, health district, township, metropolitan housing authority, state retirement board, public library, county law library, union cemetery, joint hospital or institutional commissary.

Packets will also be available at the OPERS office at 277 East Town Street, Columbus, Ohio. 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, Aug. 3; petitions postmarked on this date, but received later, are invalid.

Any active OPERS member, with the exception of one receiving a disability benefit, is eligible for election to represent the employee group in which they belong. Any OPERS retiree receiving an age and service retirement benefit or a disability benefit is eligible for election as a retiree representative.

Any candidate successfully meeting the above nomination criteria will be placed on an official ballot. Every effort is made to ensure that each candidate is given equal space and placement on the ballot. Voting materials will be mailed to qualified voters at the home address of record on Aug. 28, 2009. Eligible members and retirees will be able to vote until Oct. 2, 2009. The election count is scheduled for

OPERS Board of Trustees

The 11-member OPERS Board of Trustees is responsible for the administration and management of OPERS. Seven of the 11 members are elected by the groups that they represent (college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retirees); 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.

OPERS Board of Trustee members receive no compensation for their service, but reimbursement is made for necessary expenses. All meetings of the OPERS Board are open to the public. All Board meeting agendas and materials are available on our Web site, www.opers.org.

Legislative update

(continued from page 2)

(or public safety) credit at a cost that is equal to the additional liability for the conversion. Because the provision allows the Board to adopt a rule rather than mandate the rule's effective date, OPERS is in the process of developing a timeline for implementing this provision.

We understand that a significant number of our members are anxious to convert their service credit and to know the cost of the conversion. However, there are many steps and a rule approval process that the OPERS Board and staff must complete before the provision can be implemented. First, the OPERS actuary is required to develop a cost formula that will ensure that OPERS receives from the member the additional actuarial liability associated with the conversion. Once the actuary has completed this step, OPERS staff will be able to establish a timeline for implementation which we will communicate to our members. Please watch future newsletters and our Web site for updates.

House Bill 600 Update

At the request of the OPERS Board, Representative Lynn Wachtmann (R-Napoleon) introduced HB 600 last July. The goal of the legislation was to modify the current formulas for determining the cost of purchasing various types of service credit.

A 2006 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. HB 600 was intended to reduce the service credit purchase subsidy and it was based on sound pension trust fund policy.

Because the legislature adjourned in December 2008 without taking action on HB 600, the bill will have to be reintroduced in the 128th General Assembly which convened earlier this year. OPERS will provide updates on the bill once it has been reintroduced.

Social Security Fairness Act of 2009 HR 235 and S 484

Federal legislation (HB 235) to amend Title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination provisions was introduced in the U.S. House of representatives on Jan. 7, 2009 and has been referred to the House Ways and Means Committee. Identical legislation (S 484) was introduced in the U.S. Senate on Feb. 25, 2009 and was referred to the Senate Committee on Finance. Please watch future issues of your OPERS newsletter for updates on the progress of this legislation. More information is also available on the Library of Congress (Thomas) Web site, <http://thomas.loc.gov/>, where progress on current legislation is recorded and can be looked up using the bill number.

2009 health care seminars for active members

New in 2009, the member-specific health care seminar is designed to address the needs and concerns of active members within five 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 to register.

2009 OPERS Health Care seminars

Akron June 12	Lima December 4
Athens November 20	Mansfield June 19
Cincinnati Eastgate May 1	Mentor May 29
Cincinnati Sharonville November 13	Newark July 24
Columbus OPERS May 15 September 18	Portsmouth July 10
Dayton August 28	Ravenna December 11
Elyria April 17	Steubenville June 25
Huron August 21	Toledo September 4
Independence July 16 November 13	Youngstown April 24 September 11

2008 – 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).

How to Select your Ohio PERS Retirement Plan – A seminar for new Ohio PERS members who are eligible 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. **Online registration is now available at www.opers.org.**

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.

Remote counseling sessions – Personal retirement counseling is available at the OPERS office in Columbus, over the phone or in cities listed here. 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.

HOW TO SELECT YOUR OHIO PERS RETIREMENT PLAN

Athens June 11	Elyria July 24	Sharon Woods May 12
Batavia July 8	Findlay June 11	Wooster May 11
Bowling Green July 9	Hamilton July 15	Youngstown June 10
Cambridge June 19	Lancaster May 6	Web Seminars (Register at www.opers.org/ seminars/ members/ webinar.shtml)
Canton May 6	Lebanon May 6	
Circleville July 16	Medina May 6	May 1 May 7 May 13 May 14 June 10 June 17 June 19 June 25
Columbus April 30 May 14 May 28 June 10 June 25 July 1	Newark May 1	ONLINE REGISTRATION now available at www.opers.org!
	Port Clinton May 20	
Dayton July 30	Seaman May 26 July 28	

2009 REMOTE COUNSELING SESSIONS

Cincinnati Eastgate July 6-9 Nov. 16-19	Dover/New Philadelphia Sept. 21-24	Wooster July 20- 23
	Strongsville Nov. 2-5	Youngstown Aug. 31- Sept. 3

2009 calendar of educational seminars

2009 PROVIDING LONG-TERM AWARENESS NOW

Canton June 5 (Closed)	Columbus OPERS July 16 (Closed)	Dayton July 31
Cincinnati East April 23 (Closed)	Cleveland Eastlake July 9	Mansfield June 25

2009 RETIREMENT AWARENESS PROGRAM

Athens May 19 (Closed)	Cleveland Eastlake July 8 (Closed)	Independence April 29 (Closed) Oct. 21
Boardman Oct. 7 (Closed)	Columbus OPERS May 13 (Closed) July 17 (Closed) Oct. 15 (Closed) Dec. 2 (Closed)	Mansfield June 24 (Closed)
Canton June 4 (Closed)	Cuyahoga Falls Sept. 17 (Closed)	Perrysburg Sept. 3 (Closed) Nov. 4
Cincinnati East Aug. 5 (Closed)	Dayton July 30 (Closed)	Strongsville Aug. 19 (Closed)

2009 RETIREMENT READINESS

Athens May 20 (Closed)	Cleveland Eastlake July 7 (Closed)	Independence April 30 (Closed) Oct. 22
Boardman Oct. 8 (Closed)	Columbus OPERS Aug. 13 (Closed) Nov. 19 (Closed)	Mansfield June 23 (Closed)
Canton June 3 (Closed)	Cuyahoga Falls Nov. 18	Perrysburg Sept. 4 Nov. 5
Cincinnati East April 22 (Closed) Aug. 6 (Closed)	Dayton July 29 (Closed)	Strongsville Aug. 20 (Closed)

Ohio PERS Board of Trustees

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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

Charlie Adkins
Investment Expert
Treasurer of State
Appointee

James R. Tilling
Investment Expert
General Assembly
Appointee

Chris DeRose
Chief Executive Officer



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2008 Personal Statement of Estimated Benefits sent to members in March and April

OPERS members in the Traditional Pension Plan should receive their 2008 *Personal Statement of Estimated Benefits* by the end of April. OPERS began mailing statements during the first week of March and will continue to mail them through the month of April. We mail approximately 80,000 annual statements per week during these months. Statements are mailed in batches based on ZIP code to allow us to get the best postal rates. Please contact OPERS if you have not received your statement by April 30. All statements will have been mailed by that time.

While reviewing your statement, you may notice that your total contributions in 2008 (shown on page 5) may not be the same as the amount found on your W-2 form. There are two potential reasons for this difference. First, your statement reflects the salary amount earned in 2008 while the W-2 reflects the amount paid in a given year. Second, your W-2 may include pay that is not subject to OPERS contributions.

If the beneficiary designation section (top of page 4) indicates that we do not have your beneficiary information, you can provide it via our Member Benefits System (MBS) or by completing a *Member Designation of Beneficiary for Traditional Pension Plan* form which is available to print from www.opers.org. Having your beneficiary designation on file allows us to provide more complete estimates, making your *Personal Statement of Estimated Benefits* a more useful retirement planning tool.

Your statement contains valuable, personalized information. Please keep it with your important financial records so you can refer to it as needed. If you misplace your statement or require a duplicate for any reason throughout the year, you can view and print a full color copy of your 2008 statement via MBS at www.opers.org. You will need to register for MBS. Registration is a simple process and instructions can be found by clicking on the MBS log-in button on the OPERS Web site home page.