

Ohio PERRS NEWS

YOUR BENEFIT CONNECTION

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

Member-Directed
Plan

Recent changes to OPERS investment options now in effect

Recently, the OPERS Board of Trustees voted to change the management type of some of our core funds and enhance the diversification of our target date funds, to provide Member-Directed and Combined Plan participants a greater investment option lineup.

Changes that went into effect Dec. 3, 2010:

- The core OPERS investment options became primarily passively-managed (index) funds. The OPERS Stable Value Fund is the only option that remained actively managed.
- Some of the core OPERS investment options were re-named to include the word "index," which reflects the change in how they will be managed.
- To provide broader diversification, the asset allocations of certain OPERS Target Date Funds now include Treasury Inflation-Protected Securities (TIPS) and long duration bonds.

New online refund application

2

OPERS to introduce
Self-Directed Brokerage Account

2

Commitment to retirement security
A message from Chris DeRose

3

OPERS investment option
fees lowered

3

OPERS Board of Trustees
2010 Election Results

4

● The OPERS Target 2010 Fund was phased out and assets were automatically transitioned to the OPERS Target Payout Fund unless otherwise directed by the plan participant.

● The new OPERS Target 2055 Fund has been added. This fund is appropriate for investors who have a long investment period and are planning on accessing money from this fund between 2053 and 2057.

These changes occurred automatically and no action is required on your part. However, you are encouraged to review your account periodically to be certain that your portfolio's asset allocation continues to be appropriate for your age, the amount of time left before you expect to retire, and the level of risk you can tolerate.

In order to change the investments in your account, you will need to call the OPERS Help Line at 1-866-673-7748 or you can make changes online through My Benefits System (MBS).

1. Log on to MBS and click on the "My Contributions" link.
2. Next, click on the "View Your Account Balances" link. Then, click on the "Manage Investments" link in the left column and choose "change elections." This will allow you to change where your future contributions are allocated.
3. And/or click the "Fund Transfer" link. This will enable you to move money from your current balances into another investment option(s) of your choice.



OPERS to introduce Self-Directed Brokerage Account

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.

Beginning March 2011, OPERS will introduce the option of a Self-Directed Brokerage Account (SDBA). The SDBA will offer only mutual funds and will broaden the amount of active management available to interested plan participants.

The new SDBA option will feature the following parameters:

- Individual account minimum of \$5,000 is required before SDBA can be used
- Maximum of 50 percent of the member's individual account can be invested in SDBA

For more information, visit the OPERS website, www.opers.org, or call the OPERS Help Line at 1-866-673-7748.

2010 OPERS Board of Trustees election results

Last year's election for the OPERS Board of Trustees seat representing state employees was won by Matthew Schulz. Schulz began serving his four-year term Jan. 1, 2011.

The retiree, college/university employee and municipal employee seats were uncontested races and thus no election was conducted. Sharon Downs, Kimberly Russell and Ken Thomas began new four-year terms Jan. 1, 2011.

Did You Know? OPERS now offers an online refund application

Avoid delays and receive your account refund faster with OPERS' new electronic refund application through My Benefits System (MBS). The new online application features a tool that provides simple, step-by-step instructions so you can complete and submit your application online. Sign up for MBS today to take advantage of this service.

Pension reform legislation introduced

A message from Chris DeRose, CEO

In 2010, the OPERS Board and staff concentrated their efforts on seeking the introduction of legislation to enact a series of incremental changes to the current benefit plan, and on Feb. 1, 2011, House Bill 69, sponsored by Rep. Lynn Wachtmann (R-Napoleon), and Senate Bill 3, sponsored by Sen. Keith Faber (R-Celina), were introduced. Both H.B. 69 and S.B. 3 are considered simply “placeholder” bills, meaning that we should expect more changes to be introduced in substitute bills in the future. While H.B. 69 closely reflects the plan modifications recommended by the OPERS Board of Trustees, Rep. Wachtmann added there will be an opportunity for debate as the bill moves through subcommittees.

I, along with the executive directors of Ohio’s other four pension systems,

presented our board’s proposed benefit plan modifications to members of the Ohio House Health and Aging Committee during its first hearing Jan. 26. With a few exceptions, they were similar to the proposals presented to the Ohio Retirement Study Council at the end of 2009.

During my presentation, I emphasized that OPERS remains compliant with Ohio law requiring the pension fund be within a 30-year window for paying off obligations. I stressed the need for benefit plan design legislation to be passed quickly in order for OPERS to maintain its long-term solvency and continue providing retirees access to health care. I stressed that OPERS is a major economic engine for Ohio, pumping more than \$5.2 billion in pension and health care payments into the Ohio economy. I mentioned

that OPERS’ preliminary, unaudited investment returns for 2010 were 13.91 percent, well above the annual actuarial target rate of 8 percent, and the pension and health-care funds totaled \$75.7 billion as of Dec. 31, 2010.

Our government relations team continues to meet with legislators in an effort to advocate for support of our board’s benefit plan design recommendations. We will keep our members, retirees and stakeholders informed as the legislation is debated and will post regular updates on our website, www.OPERS.org. Thank you for your continued support of OPERS.



New! OPERS e-mail news alerts - *what you need to know now*

OPERS now brings you up-to-the-minute news about the issues affecting your retirement with eNewsNow. This e-mail capability allows us to provide members with timely information in a fast and efficient manner. The first eNewsNow was sent Jan. 28 to more than 200,000 OPERS members and retirees. If you did not receive eNewNow, you are either not registered for MBS, or your current e-mail address is not on file with OPERS. To begin receiving these important e-mail alerts, register for MBS or call OPERS at 1-800-222-7377 to update your contact information. With many important issues on the horizon for 2011 it’s important for you to stay informed.

OPERS Investment Option Fees Lowered

Experts agree that one of the most important factors in choosing investments for your portfolio is the investments’ expense ratios. The lower the expense ratio, the more you keep in terms of investment returns.

Effective Dec. 6, 2010, four of the five core OPERS investment options that were previously actively-managed became passively-managed (index) funds. The OPERS Stable Value Fund is the only option that will remain actively-managed. In addition, because the OPERS target date funds primarily consist of the OPERS core investment options, the OPERS target date funds also became

primarily passively-managed funds. These changes, approved by the OPERS Board of Trustees, lowered expense ratios for 15 of the 16 OPERS investment options.

The expense ratios for the OPERS investment options have been below industry averages for similar funds since inception in January 2003 and these recent changes reduce them even further.

You can learn more about all OPERS investment options, including their new lower expense ratios, by visiting our website, www.opers.org, and clicking on “Investments.”



Printed in Ohio on paper with a 10% post-consumer content

Investment education

OPERS staff provides investment education and discusses the tools and resources available to help Member-Directed and Combined Plan participants manage their OPERS account. A video seminar, "Managing Your Individual OPERS Account," can be viewed online at www.opers.org. A similar live seminar as well as an interactive web seminar will both be offered periodically and advertised via e-mail, based on demand.

Ohio PERS 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 (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

Sharon M. Downs
Retired Members

John W. Maurer
Retired Members

Kimberly Russell
State College and
University Employees

Matthew Schulz
State Employees

Cynthia Sledz
Vice Chair
Miscellaneous
Employees

Ken Thomas
Chair
Municipal Employees

Helen Youngblood
County Employees

Statutory Board Member

Bob Blair
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