

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Member-Directed
Plan

U.S. saving rate for retirement low National Institute on Retirement Security reports

Americans are woefully behind in saving for retirement, the National Institute on Retirement Security said in a recent study.

“The Retirement Savings Crisis: Is it Worse Than We Think?” estimates the retirement savings deficit in the United

States at \$6.8 trillion to \$14 trillion. NIRS states that the average working household has virtually no retirement savings.

According to NIRS, the average American household has a \$3,000 account balance for retirement. The figure rises to \$12,000 for households that are nearing retirement. NIRS recommends a three-pronged approach to rectify this imbalance:

- Strengthen Social Security
- Increase low- and middle-wage workers’ access to high-quality, low-cost retirement plans
- Expand the national “Saver’s Credit,” which could help to increase retirement savings of families who are not receiving steady wage increases

Although OPERS members do not contribute to Social Security and retirement security is the duty of the OPERS Board, it is still important for you to explore ways to supplement your retirement income. They include the OPERS Additional Annuity Program and participation in the Ohio Public Employees Deferred Compensation Program.

Voluntary Contributions

As a Member-Directed Plan participant, you may make additional, after-tax contributions to your individual defined contribution account. These contributions will be invested in the OPERS investment options you selected for your individual defined contribution account. These deposits are limited by federal tax law to 100 percent of your annual income from all public employers contributing to OPERS, or to \$52,000, whichever is less. In addition to voluntary after-tax deposits, other retirement accounts you have may be rolled over to your individual OPERS account.

Ohio Deferred Compensation

Ohio DC provides a tax-deferred, supplemental retirement income plan that can help bridge the gap between what you have and what you will need.

Investment returns in 2013

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Board election results

○○○ 3

Educational webinars
and recorded online presentations

○○○ 3

Mitigating rate to remain
unchanged in 2014

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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

Monday - Friday

8 a.m. to 4:30 p.m.

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.

U.S. saving for retirement rates low

(continued from page 1)

Ohio DC is tax-deferred—the money that goes into your account comes out of your paycheck before State and Federal income taxes. Plus, the assets in your account, including any

earnings, will have the opportunity to grow tax-deferred until you decide to withdraw them—usually in retirement. Withdrawals will be taxed as ordinary income. Remember, there are no guarantees. Investing involves risk, including possible loss of principal.

Ohio DC does not pay commissions or use investments that charge front or back-end loads, and there are no surrender fees. You may also take advantage of rolling your Traditional IRA, 401(k), 401(a), or 403(b) account into the Program. You may choose from a variety of investment options, including a stable value option, mutual funds, and professionally managed asset allocation portfolios to simplify investing.

Visit www.Ohio457.org or call 1-877-644-6457 to enroll, check yearly deferral limits, or to get more information. For more information, visit www.opers.org to access our Saving for Retirement leaflet. The leaflet can be found under the heading of “Information Series Publications (leaflets)” on the member publications page.

Other NIRS findings include:

- More than 38 million working-age households (45 percent) own no retirement account assets
- Two-thirds of working households age 55-64, with at least one earner, have retirement savings less than one times their annual income
- Ninety percent of U.S. households fall short of retirement savings targets based on retirement account balances and defined benefit pension assets combined
- Access to workplace retirement savings could be expanded by making it easier for private employers to offer defined benefit plans

The full report can be found at www.nirsonline.org.

Investment returns in 2013

Assets total more than \$88 billion

2013 was a very successful year for all three of the OPERS investment funds. As of Dec. 31, the OPERS Fund achieved a 13.9 percent investment return for 2013 with total assets reaching a record \$88.6 billion. The OPERS Defined Benefit Fund return rose 14.38 percent, while the OPERS Health Care Fund increased 11.37 percent to \$13 billion. And, the OPERS Defined Contribution Fund increased to \$885 million. Investment returns are preliminary pending final review.

“The strong performance of our investments in 2013 illustrates the professional, prudent manner in which the OPERS pension and health care portfolios are managed,” said OPERS Executive Director Karen Carraher. “One of our goals is to earn an average return of 8 percent over the long term. These strong returns surpass that goal, and allow us to continue to be well-funded.”

“OPERS invests for the long-term. This disciplined approach allows us to prepare for the future retirement of our members, and support our existing retirees,” added OPERS Chief Investment Officer John Lane.

OPERS’ end-of-year assets of \$88.6 billion were a long way from the Great Recession of 2008, when the system ended that year with \$58.7 billion in assets.

Three elected to fill vacant Board seats

The OPERS Board of Trustees certified the results of last year’s election for three open seats. The winning candidates, who were elected by OPERS members and retirees, were:

County representative: Sean Loftus

Retiree representative: John Maurer

Miscellaneous representative: Cinthia Sledz

They are serving four-year terms that began Jan. 1.

Mitigating rate to remain unchanged in 2014

After its annual review of the mitigating rate, the OPERS Board of Trustees has determined that there will be no change for 2014 to the employer contribution rate of 14 percent and the mitigating rate for employees of both state and local government agencies will remain 0.77 percent.

Educational webinars and recorded online presentations

OPERS offers targeted, educational webinars and recorded presentations tailored to Member-Directed Plan participants.

To register for a webinar or to view a recorded online presentation, visit www.opers.org, and click on Seminar Options. The content of these presentations is consistently updated, so be sure to check the Seminar Options page for the latest and most up-to-date listing of educational offering for Member-Directed Plan participants.

Upcoming Webinars:

Managing Your Individual Account

Friday, April 18
noon - 1 p.m.

Retiring from the OPERS Member-Directed Plan

Friday, April 25
noon - 1 p.m.



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Have you updated your correspondence preference though your online account?

As you know, many updates have been made to the OPERS online account system. Please take a moment to review your personal information and correspondence preference in your online account. All account preferences were reset to "mail" so if you would like to receive OPERS correspondence electronically, you need to actively make that selection.

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
Vice Chair
Retired Members

Heather Link
State College and
University Employees

Sean Loftus
County Employees

John W. Maurer
Retired Members

Matthew Schulz
State Employees

Cynthia Sledz
Chair
Miscellaneous
Employees

Ken Thomas
Municipal Employees

Statutory Board Member

Bob Blair
Director, Department
of Administrative
Services

Appointed Board Members

Frank Ciotola
Investment Expert
Governor Appointee

Robert Smith
Investment Expert
Treasurer of State
Appointee

James R. Tilling
Investment Expert
General Assembly
Appointee

Karen Carraher
Executive Director