

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Traditional
Pension Plan

OPERS Board of Trustees 2014 Election Your voice, your choice

As a member of OPERS, you have a voice in decisions and policies affecting your retirement benefits. Every member is part of a specific employee group and each

group has a representative on the Board of Trustees.

The Board is ultimately responsible for all administration and management of OPERS including setting retirement system policies,

approving the overall investment plan and asset allocation strategy, reviewing and approving budgets and acting as fiduciaries of the System. Individuals elected to the OPERS Board also automatically serve on the Ohio Public Employees Deferred Compensation Program Board.

Your Voice - Elected Representatives

The OPERS Board is comprised of 11 trustees—seven individuals are elected by the specific group each represents. Five individuals represent employee groups and two represent retirees. The seven elected positions on the OPERS Board of

Trustees are designated for election on a staggered basis, ensuring experience and organizational knowledge is stable from year to year. Three individuals with investment expertise are appointed by Ohio's Governor, Treasurer and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate. The Director of the Ohio Department of Administrative Services also serves on the Board of Trustees by virtue of office.

Election 2014

Elections for four seats on the OPERS and Ohio Deferred Compensation Boards of Trustees will be held in September. Those elected will serve four-year terms beginning Jan. 1, 2015.

The four seats up for election in 2014 include one representative for each of the following groups:

State employees — Representing those working at a job for the state of Ohio, approximately 49,307 employees.

State colleges and universities — Representing approximately 48,790 non-teaching employees at state colleges and universities in Ohio.

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Spring 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.

OPERS is not required to provide health care coverage to retirees or their dependents and will only do so at the discretion of the Board of Trustees.

Board election *(continued from page 1)*

Municipal employees — Representing approximately 60,116 employees working for Ohio's municipalities.

Retirees — One of two seats representing approximately 166,379 age and service and disability retirees. The two retiree seats do not come up for election in the same year. The other retiree representative was elected to office in 2013.

Not sure which employer group you belong to?

Visit www.opers.org where you will see an election announcement on the home page. This announcement will link you to a general election information page where you will find a link to a complete list of OPERS employers and their corresponding employer groups.

Your Choice – Every vote counts

It's important to realize every single OPERS member and retiree is represented by a Board member. Just as in national and local elections for public office, your vote—your voice—is vital. Members of the Board of Trustees serve four-year terms. That means that every four years you have the opportunity, and the responsibility, to select your Board representative.

If your representative is up for election this year, please plan to cast your vote! Your retirement and your representation on the OPERS Board are too important not to participate in the election process. Serve as the voice for your fellow members.

Any active OPERS member, with the exception of one receiving a disability benefit, is eligible for election to represent the members of their employee group on the OPERS Board of Trustees. Any OPERS retiree receiving an age and service retirement benefit or a disability benefit is eligible for election as a retiree representative.

Members of the Board are not paid for their work, but are reimbursed for expenses. They live all across Ohio and travel to Columbus each month for Board of Trustee meetings. Some Board members need to arrange time off from their jobs to handle their Board responsibilities.

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Ohio PERS Board of Trustees

The 11-member Ohio PERS Board of Trustees 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, 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

Robert Blair
Director, Department
of Administrative
Services

Appointed Board Members

Vacant
Investment Expert
Governor Appointee

Robert Smith
Investment Expert
Treasurer of State
Appointee

James R. Tilling
Investment Expert
General Assembly
Appointee

Karen Carraher
Executive Director

Board election *(continued from page 2)*

The nomination process

Under Ohio law, a candidate seeking election to an employee member Board seat is required to obtain a minimum of 500 signatures from active members within 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 five different counties must be represented by a minimum of 10 signatures each.

Nominating petition packets will be mailed to employers Friday, June 13 for distribution to interested candidates. Packets will also be available at the OPERS office, 277 East Town Street, Columbus, Ohio and on the OPERS website. 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. 4; petitions postmarked on this date, but received later, are invalid. 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 Aug. 26. Eligible members and retirees will be able to vote until Oct. 3. The election count is scheduled for Monday, Oct. 6. The final results will be certified by the Ohio Secretary of State's office.

Qualified voters will be able to cast their vote for their Board representative by mail, phone or online, beginning Aug. 26 and continuing through Oct. 3.

Tools to help you make important decisions about retirement

What you need to know if you are eligible to retire prior to Dec. 1, 2014

The following is important information for OPERS members eligible to retire prior to Dec. 1, 2014. If you are eligible to retire prior to Dec. 1, 2014, you would have been notified with a letter from OPERS. Your eligibility to enroll in the OPERS retiree health care plan could be impacted by your decision to retire in 2014 or in 2015 and after.

Learn, Plan, Act

We understand the changes to the OPERS health care plan may prompt some members to consider, or even re-evaluate, their retirement plans. With this in mind, OPERS has created a section of our website called **Your Path to Retirement - Learn, Plan, Act** to help you identify the most ideal time frame for retirement and make an informed decision regarding your retiree health care coverage. The section offers detailed information on the steps you need to take as you move toward retirement and also provides answers to questions we frequently hear from members.

Retirement Planner

The Retirement Planner allows Traditional Pension Plan Group A, non-law members to estimate pension and health care costs at different retirement dates. You can compare your working income with your retirement income, compare your employer and retiree health care costs, and discover the impact of working longer. This tool blends both pension income and health care costs to give you a “big picture” view of your retirement options. You can access the Retirement Planner by visiting the opers.org home page.

You can access both Learn, Plan, Act and the Retirement Planner by visiting www.opers.org.

Apply for retirement online. You can apply for retirement up to six months prior to your expected retirement date, through your online account. It is simple and reduces the amount of errors made during the application process by guiding you through it, step by step.

OPERS Health Care Plan: Changes you need to know

New eligibility rules

Beginning Jan. 1, 2015, members will be required to have at least 20 years of qualifying service and be at least 60 years old to qualify for health care or have 30 years of qualifying service at any age. This means eligible members have until November to decide whether or not to retire under the current eligibility rule of 10 years of qualifying service. Members must terminate public employment no later than Nov. 30, 2014, apply for retirement and have a benefit effective date on or before Dec. 1, 2014 to qualify for enrollment in the OPERS retiree health care plan under the current requirement of 10 years of qualifying service credit.

New allowance calculation

Beginning in 2015, new calculations will be used to determine the allowance amount provided to participants for their monthly premiums. The calculations will be based on a participant's age at first enrollment in the OPERS plan and years of qualifying

service at retirement. Because of this change, your health care coverage premiums could be impacted by your decision to retire in 2014 or in 2015 or after. To determine how the allowance calculation change could impact your monthly health care costs, please use the online Retirement Planner or sign in to your online account and generate health care cost estimates.

Qualifying service credit for health care coverage eligibility

As of Jan. 1, 2014, only the following types of service credit are applied toward health care coverage eligibility: Contributing service, Interrupted Military (USERRA), unreported time, restored (refunded) service, and qualifying service transferred from another Ohio Retirement System. To find your current years of service that qualify toward health care eligibility, please sign in to your online account or see your 2013 personalized statement of estimated benefits.

Law enforcement/public safety officer service credit

Traditional Pension Plan members who have contributed to OPERS as a law enforcement officer or a public safety officer may convert or prorate (if applicable) regular and public safety service credit to law enforcement service credit and regular service credit to public safety service credit that is not concurrent with any public safety or law enforcement service credit by one of the following options:

1. The member may convert up to five years of total service credit. This option will require the member to pay for the cost to convert the service credit. The total cost to convert regular or public safety service credit is based on a formula that equals the full actuarial liability resulting from the conversion of the service credit.

The cost reflects the value of the higher law enforcement retirement benefit associated with the conversion and, when applicable, the value of allowing the member to retire with an unreduced law enforcement benefit earlier and/or a higher law enforcement final average salary. The total cost is then reduced by the non-law enforcement lump sum benefit available to you in lieu of the conversion. The member is responsible for paying the remaining amount due.

2. Or if applicable, the member may use all their regular and/or public safety service credit to prorate service credit. This option would require the member to accept a lesser amount of law or public safety service credit in exchange for the regular and/or public safety service credit at no cost to the member.

Similar to the full conversion calculation described above, the proration calculation also calculates the cost equal to full actuarial liability resulting from the conversion of the service credit. The service credit amount that is subject to proration is reduced to an

amount for which the cost is fully covered by the non-law enforcement lump sum benefit (non-concurrent service only) available to you in lieu of the proration.

Request for conversion or prorated service credit will be generated only if the member is already eligible to retire with a public safety or law enforcement benefit or becomes eligible for retirement by completing the conversion or proration.

Members must retire within 90 days from the receipt of the first payment to convert the service credit or the receipt of the agreement to prorate the service credit.

If a member has regular or public safety service credit that is concurrent with the public safety or law enforcement service credit and is not eligible for conversion or proration, the accumulated contributions for the concurrent service shall be paid as a non-law annuity.

To learn more, visit www.opers.org to access the *Law Enforcement/Public Safety Officers* and the *Service Credit and Contributing Months* informational leaflets.

Members must retire within 90 days from the receipt of the first payment to convert the service credit or the receipt of the agreement to prorate the service credit.

Legislative Update

OPERS opposes mandatory Social Security coverage for Ohio's public employees

While many challenges to OPERS exist at the federal government level, one common priority remains a constant. There are individuals and organizations that question the solvency of public pensions that are separate from the Social Security program. They often suggest that moving public employees into the Social Security system is a good idea. OPERS has long opposed this idea and continues to communicate with state and federal legislators why this should not occur. Ohio's retirement systems have developed a national reputation for providing retirement security to our members and providing billions of dollars to help Ohio's economy. Our systems are adequately funded, efficiently run, and prudently managed. In fact, two of the systems predate Social Security. OPERS has been providing benefits to its members for over 78 years.

Ohio's Congressional delegation has historically maintained strong support for Ohio's public retirement systems in their opposition to mandatory Social Security legislation. In an effort to strengthen that resolve, OPERS takes every opportunity to communicate with them. In November, the Ohio General Assembly unanimously passed House Concurrent Resolution 19, which urges Congress to oppose any legislation that requires Social Security coverage for members of any of Ohio's state retirement systems. We appreciate the Legislature's bipartisan support, led by HCR 19's co-sponsors, Kirk Schuring (R-Canton) and Dan Ramos (D-Lorain).

To view a complete list of state and federal issues we are following, visit www.opers.org.

Pensions weigh heavily in retirement confidence

Results of survey released by Employee Benefit Research Institute

More Americans are confident about being able to retire comfortably, especially if they have a retirement plan, a new survey states.

The 2014 Retirement Confidence Survey, by the Employee Benefit Research Institute, states that 18 percent of respondents are very confident about having enough money for their retirement, vs. 13 percent who said so last year. Retirement confidence had waned from 2009-13, following the Great Recession.

Another 37 percent of survey participants say they are somewhat confident in their retirement. However, 24 percent are not confident at all, the same number as those surveyed in 2013. What's the deciding factor? In many cases it's the availability of a retirement plan such as those provided by the Ohio Public

Employees Retirement System. Current workers with money in a defined benefit pension plan, defined contribution plan or IRA are more than twice as likely to be very confident about their retirement finances.

"Retirement confidence is strongly related to retirement plan participation," said Jack VanDerhei, EBRI research director, and co-author of the report.

OPERS' Traditional Pension, Combined and Member Directed Plans make use of professionally invested funds with a mission of providing retirement security. In many cases, they are the primary, even sole, income for our members, who do not contribute to Social Security retirement while in our system. Nationwide, only 29 percent of working Americans say that they

expect that an employer-provided traditional pension or cash balance plan will be a major source of their retirement income. Among current retirees, a little more than a third say the same thing.

The EBRI report also touches on health care: "Workers expect to need more money for health care costs in retirement than do current retirees." The report states that 11 percent of current employees and 36 percent of retirees expect to spend less than \$25,000 total for post-working career health care. Further, only 9 percent of workers are very confident that Medicare will provide the same or better benefits in the future as it does today.

To learn more about the EBRI, visit www.ebri.org.

OPERS published reports

Reports provide insight into OPERS

OPERS publishes a number of reports throughout the year highlighting many aspects of the organization, from finance to health care. These reports are available online at www.opers.org and contain valuable information about OPERS.

Comprehensive Annual Financial Report

OPERS *Comprehensive Annual Financial Report*, or CAFR, details important financial, investment, actuarial and statistical information about our system. We also published a *Summary Annual Financial Report*, or PAFR, designed to relay in plain language key data contained in our CAFR. The summary report provides a condensed snapshot of our fiduciary net assets, investment returns, member demographics, benefit amounts and other related data. To view the reports, click on the **CAFR/PAFR** icon on the opers.org home page.

2014 OPERS Investment Plan

Each year the Ohio Public Employees Retirement System writes a new plan to guide our investments for the year. The *2014 OPERS Investment Plan* outlines the strategies, asset allocation and asset class strategies for our Defined Benefit Fund and our Health Care Fund. Performance and risk expectations are part of the plan. This publication can be found by clicking the **Investments** tab on opers.org.

Corporate Governance Report

The *Corporate Governance Report* highlights our interactions with public companies and the ways in which we took active roles in the companies in which we invest. View the *Corporate Governance Report* by clicking the **Government Relations** tab on the opers.org home page.

OPERS Health Care Report

The *OPERS Health Care Report* summarizes the changes in health care coverage that we made in the previous year, how we plan to fund health care, how the industry is evolving and how we can maximize quality of care for our plan members. The report also discusses the history of the OPERS health care plan, lists the statutory requirements to which we adhere, and looks at the fund's financial performance. To view this report, click the **Health Care** tab on opers.org.

OPERS Disability Report

The OPERS Disability Report details recent changes to the plan and statistical information such as the number of disability applications OPERS received the previous year, how many applications were approved, and how much we paid in disability benefits. This report can be found on the **Publications** page of opers.org.

2014 Calendar of Education Seminars

OPERS offers in-person education seminars, webinars and recorded presentations tailored to your specific retirement group (A, B or C). To determine which group you are in, visit www.opers.org. To register for a seminar, log into your online account or call 1-800-222-7377. To register for a webinar or to view a recorded presentation, visit www.opers.org, and click on Seminar Options.

Ready to Retire Pension and Health Care Seminars for Group A - During these back-to-back seminars you will learn about important pension and health care changes that will impact your retirement.

2014 Ready to Retire Seminars

Glouster June 17	Rootstown Aug. 19	Columbus Oct. 7
West Chester July 8	Chillicothe Aug. 26	Akron Oct. 14
Cambridge July 22	Mentor Sept. 23	Zanesville Oct. 21
Boardman Aug. 5	Oberlin Sept. 30	Tiffin Oct. 28



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Get connected to OPERS for the most up-to-date information

PERSpective

PERSpective is the OPERS blog where we share our thoughts on important pension-related issues. Subscribe to *PERSpective* by clicking on the RSS feed logo on www.opers.org, or read it regularly at <http://perspective.opers.org>. You can also view PERSpective Videos, available at www.opers.org, about legislative and health care changes and how they will affect OPERS members.

Facebook and Twitter

More than 6,300 members and retirees “Like” our Facebook page, which uses the name “Ohio PERS.” We also utilize a Twitter account under the name “ohiopers.” Facebook and Twitter messages are used to inform people of news, events and items of interest. Follow us on Twitter by searching @ohiopers and “Like” us on Facebook in order to receive updates from OPERS within your newsfeed.

Online Account

Sign up today for online account access and you can instantly view your current account value and service credit, update your address and personal information, designate beneficiaries, schedule a counseling session or register for a seminar, print an annual statement and apply for retirement - all from the convenience of your home, on your time!

eNewsNow

eNewsNow is our mass e-mail system that allows us to provide members and retirees with timely information more quickly and efficiently than ever before. To begin receiving these important e-mail alerts, register for or log in to your online account and update your contact information.