

## OPERS Adapts to Changes in Investment Environment

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Like many other pension plans, OPERS is reducing its investment return expectations because of changes in the global economy. This adjustment in OPERS' expected rate of return is part of our continuing effort to keep our pension plan healthy and sustainable, and is part of a rigid review cycle. The changes OPERS made in 2012 to our pension and health care funds strengthened our system and allowed us to lower our expected returns now.

"This adjustment is important because it determines how we expect to fund the plan," said OPERS Executive Director Karen Carraher. "It will increase our

unfunded liabilities in the short term. But the good news is that we remain financially sound and in compliance with Ohio retirement law, and our ability to pay pensions to our members is unaffected."

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OPERS' long-term investment assumption had been 8 percent since 2002, but at their October meeting the OPERS Board of Trustees lowered the rate to 7.5 percent. The vote followed the review of a five-year experience

study prepared by independent financial experts that projected a future investment environment less conducive to earning the 8 percent return.

It's important to note that this rate is intended to be representative of a long-term investment horizon, one which exceeds 30 years.

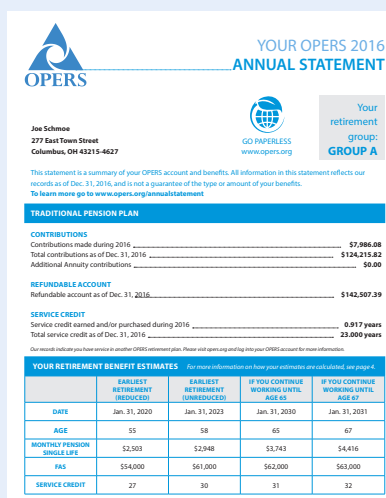
Many institutional investors have been lowering their earnings expectations, reflected in the interest rate they use to estimate future benefit liabilities. The average rate used by 126 public pension plans, surveyed by the National Association of State Retirement Administrators, was 7.68 percent in May 2015. Check out our YouTube channel (OhioPERS1) to view a brief video about these changes.

## Get Your Annual Statement Early!

2016 Annual Statements will begin mailing at the end of March.

2016 Annual Statements will begin mailing at the end of March. If you'd like to receive yours sooner, log into your OPERS online account and set your correspondence preference to "electronic" for access to your statement before the mailing date.

This year's statements will feature a new streamlined look making it easier to find the information you need. Also new this year – an online tool that will help you navigate your annual statement.



**YOUR OPERS 2016 ANNUAL STATEMENT**

Joe Schmo  
277 East Town Street  
Columbus, OH 43215-4627

GO PAPERLESS  
www.opers.org

Your retirement group: **GROUP A**

This statement is a summary of your OPERS account and benefits. All information in this statement reflects our records as of Dec. 31, 2016, and is not a guarantee of the type or amount of your benefits. To learn more go to [www.opers.org/annualstatement](http://www.opers.org/annualstatement)

**TRADITIONAL PENSION PLAN**

CONTRIBUTIONS  
 Contributions made during 2016 \_\_\_\_\_ \$7,986.08  
 Total contributions as of Dec. 31, 2016 \_\_\_\_\_ \$124,215.82  
 Additional Annuity contributions \_\_\_\_\_ \$0.00

REFUNDABLE ACCOUNT  
 Refundable account as of Dec. 31, 2016 \_\_\_\_\_ \$142,507.39

SERVICE CREDIT  
 Service credit earned and/or purchased during 2016 \_\_\_\_\_ 0.917 years  
 Total service credit as of Dec. 31, 2016 \_\_\_\_\_ 23.000 years

Our record books may have errors in earlier OPERS statements. Please visit [www.opers.org/faq](http://www.opers.org/faq) for more information.

	YOUR RETIREMENT BENEFIT ESTIMATES		For more information on how your estimates are calculated, see page 6.	
	EARLIEST RETIREMENT (REduced)	EARLIEST RETIREMENT (UNREduced)	IF YOU CONTINUE WORKING UNTIL AGE 65	IF YOU CONTINUE WORKING UNTIL AGE 67
DATE	Jan. 31, 2020	Jan. 31, 2023	Jan. 31, 2030	Jan. 31, 2031
AGE	55	58	65	67
MONTHLY PENSION (SINGLE LIFE)	\$2,503	\$2,048	\$3,743	\$4,416
PAS	\$54,000	\$61,000	\$62,000	\$63,000
SERVICE CREDIT	27	30	31	32



## Investments Drive Our Success

The OPERS Investments division skillfully manages more than \$87 billion used to pay our members' pension benefits and provide retirees access to health care coverage.

Visit the OPERS YouTube channel or *PERSpective* blog to view a video on how the OPERS Investment team approaches its task, seeking solid returns while maintaining transparency in all its actions.

# 7 Ways Baby Boomers are the Rebels of Retirement

If there's one thing we know about baby boomers – the generation born between 1946 and 1964 – it's that they like to change things up. Now that they're entering their golden years, boomers are skipping the "early bird special" and doing retirement their way. Here are 7 trends to watch.

**1 Some retiring boomers are relocating, but not where you'd expect.** The cliché is you move to warm and affordable cities in Florida or Arizona and you play golf. But boomer retirees want more. They're not just moving to Orlando and Phoenix anymore, they're settling down in Boise, Denver, Greenville, Raleigh and more<sup>1</sup>. They're looking for cities with strong economies – so they can work if they choose to – or college towns offering cultural and educational opportunities<sup>2</sup>.

**2 Boomers want to volunteer and start businesses.** Baby boomers see retirement as an opportunity for self-reinvention. They volunteer at a higher rate (39.9 percent) than previous generations at the same age<sup>3</sup>. People over 50 are also one of the fastest growing groups of entrepreneurs<sup>4</sup>.

**3 Many of them want to keep working.** Nearly half of boomers say they won't retire until after age 66<sup>5</sup>. Some businesses that have difficulty retaining younger employees place a high value on older workers. But, it can be risky to rely on work over savings. Only 27 percent of retirees actually have jobs<sup>6</sup>.

**Nearly half won't retire until after age 66**

**Self-reliant savers**

**Never describe themselves as "old"**

**4 They're "forever young."** The baby boomers started a youth-driven cultural revolution. So it's hardly surprising that they think old age starts at 72<sup>7</sup>. The last word they would ever use to describe themselves is "old."

**5 They're living longer (but could be healthier).** According to the CDC, U.S. life expectancy has increased by 30 years over the last century. That's great, but boomers are also in worse health than people their age were a decade ago. In fact, boomers are more likely to be overweight and have chronic conditions like diabetes and hypertension.

**6 Their numbers are legion.** Every single day, for the next 15 years, 10,000 baby boomers will turn 65<sup>8</sup>. By the year 2030, literally one fifth of our nation's population will be boomers 65 and up. Those numbers give them political clout they can use to protect benefits like Social Security and Medicare.

**7 The baby boom generation is self-funding retirement.** While many of their parents retired with pensions, the boomers are more self-reliant retirement savers. As a result, they're more likely than previous generations to have underfunded retirements. To help them catch up, the government lets investors over 50 make larger annual IRA contributions than their Gen X counterparts.

**Fastest growing group of entrepreneurs**

**Will make up one fifth of the population by 2030**



# Minimum Earnable Salary to Increase in 2017 and 2018

Due to changes in Ohio retirement law, the minimum earnable salary for a full month of service credit will be increasing by 5 percent in 2017, going from \$600 per month to \$630 a month. In 2018, the minimum earnable salary will increase another 5 percent, going from \$630 a month to \$660 a month.

In 2014, Senate Bill 343 established an index on the required minimum earnable salary based on any increase in salary for township trustees. In 2015, the Ohio General Assembly enacted House Bill 64, which provided pay increases for local elected officials including township trustees. Township trustees received a 5 percent pay increase in calendar year 2016 and another 5 percent in 2017, which triggered the increase in the minimum earnable salary.

## Quarterly Statements to Include Monthly Retirement Projection

Beginning this month, you will see an estimated monthly retirement benefit projection on your quarterly statement. The projection will convert your defined contribution account balance into potential monthly payments.

This projection will appear if you have full-time service and have 60 or more contributing months. You will not see a projection if you only have part-time service and the projection will not include the defined benefit portion of your account.

Keep in mind annuity factors are subject to change each year and investment returns cannot be predicted.



## Legislative News:

The OPERS Government Relations team does expect action at the statehouse toward the end of the year supporting survivor benefits, refunds and other important issues. Stay up-to-date on the current status of state and federal legislation by visiting the Government Relations page at [www.opers.org](http://www.opers.org).

### OPERS News

OPERS News is a quarterly newsletter providing news and information to active members of the Ohio Public Employees Retirement System. This publication allows us to communicate vital information concerning retirement benefits to our active members and also educate them on the services we provide.

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 federal or state law, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code or Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.

#### Contact information:

[www.opers.org](http://www.opers.org)  
1-800-222-7377  
Monday - Friday  
8 a.m. to 4:30 p.m.  
[newsfeedback@opers.org](mailto:newsfeedback@opers.org)

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### OPERS Board of Trustees

For more information on the OPERS Board of Trustees, visit [www.opers.org](http://www.opers.org).

#### Elected Board Members

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Fourth quarter 2016

# OPERSNEWS

News and information for active members in the  
OPERS Combined Plan.



*If you no longer wish to receive a paper copy of your newsletter and would like to receive the electronic version, log into your OPERS online account and **update your correspondence preferences to electronic.***

## Baby Boomers – Rebels in Retirement

If there's one thing we know about baby boomers it's that they like to change things up. As they begin to near retirement, boomers are skipping the "early bird special" and doing retirement their way. Check out page 2 for the 7 trends to watch.

