

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Member-Directed
Plan

Administrative Fee Changes Reflected in Quarterly Statements

OPERS staff conducted a review of the Member-Directed and Combined Plans in 2015, and as a result, changes were made to the administrative fee structure.

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Beginning Jan. 1, 2016, the 0.1 percent administrative fee deducted from all incoming member

contributions was eliminated, and replaced with a monthly administrative fee of \$5.

Due to delays in employers reporting member contributions to OPERS, some members may see both administrative fees on their first quarter statements. If you see both charges on your first quarter statement, please know you are not being charged two administrative fees for the same pay period.

Member contributions with pay period ending dates on or before Dec. 31, 2015 will still be charged the 0.1 percent

administrative fee, even if the contribution was received by OPERS after Dec. 31, 2015.

Member contributions with pay period ending dates on or after Jan. 1, 2016 will only be charged the new monthly administrative fee of \$5.

Members can see the “Payroll Period End Date” of each contribution in the Transaction History section of their online account. They can also see the deduction of the 0.1 percent administrative fee and the \$5 monthly administrative fee in their Transaction History.

For complete information on the fee structure that went into effect Jan. 1, 2016, visit www.opers.org to view a chart outlining the changes, or refer to your spring 2015 Ohio PERS News.



Recorded Online Presentations - OPERS offers recorded online presentations tailored to Member-Directed Plan participants. These presentations can be viewed any time and cover topics such as re-employment, your Retiree Medical Account, and investment options. To view a recorded presentation, visit www.opers.org, and click on Members, Educational Opportunities.

Is a Self-Directed Brokerage Account Right for You?

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.

Because some plan participants prefer to actively manage their own investment options, OPERS offers members a mutual fund-only Self-Directed Brokerage Account through Charles Schwab's Personal Choice Retirement Account.

This account allows members, who desire additional investment alternatives and are willing to accept all risks and costs related to such alternatives, to make their own investment decisions by choosing from over 6,000 mutual funds outside the core OPERS investment options.

The term "core" refers to all the investment options currently offered by OPERS. OPERS does not select, manage or oversee the mutual funds offered through the Schwab PCRA.

To participate in the OPERS SDBA, you must meet the following requirements:

- You must be an OPERS Combined or Member-Directed Plan participant
- Your individual account balance must be at least \$5,000
- A maximum of 50 percent of your individual account balance can be invested in the SDBA

To learn more about the SDBA and other investment options, visit www.opers.org and click on the Financial tab on the home page, then chose Defined Contribution Fund.

Is your contact information up-to-date?

Log in to your OPERS online account at www.opers.org, and review your personal information to make sure OPERS has your current address, phone number and e-mail address.

Managing Investment Risks and Rewards

All investments have potential risks and rewards.

Investment reward is measured by your investment's total return and reflects how much your investment grows over time. Investment risk is measured by the fluctuations of your investment's total returns and reflects the possibility that your investment may not grow as expected, or even may decline in value.

Risk and return have a direct relationship. Often, investments that have a higher level of risk may offer greater rewards, while investments with a lower level of risk generally offer lower rewards. Time also plays an important role in investing because it can reduce your risk. Over time, the highs and lows associated with any type of investment should balance out.

The following strategies can help manage, but not eliminate, the risks you face when choosing your OPERS Investment Options and directing your individual account.

Invest Long-Term

Total returns have been more consistent over longer periods of time. Smart investors, with a long time to invest, are willing to ride out the short-term fluctuations in their investments because of the potential for longer-term gains. Try not to let the ups and downs of the stock market distract you from your goals. It is smart to be a long-term investor when planning for retirement.

Diversify

Diversification simply means "don't put all your eggs in one basket." Why? Because it has proven impossible to predict which investment will do best over a given period of time. So, by spreading your money among different investments, you reduce the impact of any one investment and lower your risk. The best way to diversify is different for each investor, based on the risk you are willing to take, the rate of return you desire and the amount of time left before you retire. With these specifics you can spread your savings among different classes of investments to minimize risk and help meet your goals. This is called asset allocation.

Asset allocation

Asset allocation is an important influence on the return of your investment portfolio. Asset allocation has been shown to account for over 90 percent of the fluctuation in your investment return. This means that the selection of asset classes is more important to your total return than the specific investment themselves.

Avoid Pitfalls

Your situation and personal needs are unique. Be sure to learn about the OPERS Investment Options and decide where you want to invest your contributions according to your own situation and investor profile. Some investment pitfalls include:

- **Timing the Market** - Successful investors think long-term because there is no way to predict the market. You are better off sticking to your long-term strategy, unless your personal situation changes.
- **Forgetting Your Funds** - Re-evaluate your portfolio regularly and adjust your investments as necessary, especially when you experience a lifestyle change such as marriage, purchasing a home, paying for a child's college tuition, changing jobs or approaching retirement.
- **Keeping Your Retirement Savings "Safe"** - Safe investments may give you a false sense of security when investing over the long-term. While there are no guarantees, investing in some "riskier" investments could help your savings keep pace with inflation.

OPERS offers a number of tools and resources to help you manage your individual account including online recorded presentations, the OPERS Help Line (1-866-673-7748) and publications such as the *OPERS Investment Options Disclosures* document.



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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 (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.

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