



Legislation Introduced to Enact Board's Recommended Changes to the COLA

While OPERS is in a strong position to continue funding benefits for current retirees and for future generations, we cannot ignore the nearly \$20 billion in unfunded liabilities.

By proactively assessing our fund, we can operate from a position of strength instead of waiting for a financial crisis to arise to make adjustments. That is why during its October meeting, the OPERS Board of Trustees voted on the changes to the OPERS cost-of-living adjustment which are contained in House Bill 413, introduced by Rep. Gary Scherer (R-Circleville) in November.

- Tying the COLA to the U.S. Consumer Price Index and capping it at 2.5 percent, beginning in 2019.
- Delaying implementation by two years for retirees who retired from Jan. 1, 2010 through Jan. 1, 2013.
- Delaying initial COLAs for future retirees until their second pension anniversary.

- Restoring 85 percent purchasing power for those retirees whose purchasing power is less than 85 percent.
- Freezing the COLA if OPERS amortization is at 30 years or more.
- Increasing COLA cap to 3 percent if inflation exceeds 3 percent for an extended period of time and funding measures are met.

Passage of H.B. 413 is required before any of the changes become effective. The bill was referred to the House Aging and Long-Term Care Committee. OPERS Executive Director Karen Carraher provided testimony before the committee to explain why it was necessary to make these changes now. If the bill is voted out of the House committee, it will be sent to the House floor for a vote before moving to the Senate for consideration.

We will continue to keep you updated throughout the legislative process. For the most up-to-date news and information, visit opers.org/cola.



Protecting your information

OPERS continually looks for ways to keep your personal information safe from fraud or unintentional exposure.

That's why we're adding key phrases to envelopes and emails to let you know when changes have been made to your account information. These statements will not only make you aware of unauthorized changes to your account, but also alert you to material that is time sensitive. We are putting these messages in place to further protect members and retirees like you from scams and other fraudulent activities.

Look for phrases such as **YOUR IMMEDIATE REVIEW REQUIRED** and **PLEASE OPEN TO REVIEW CHANGES MADE TO YOUR ACCOUNT** on the outside of mailings.

OPERS Board Member John Maurer has Passed Away

OPERS is saddened to announce that John Maurer, OPERS Board of Trustees member representing retirees, has passed away.



Maurer served as an OPERS and Ohio Deferred Compensation Board member for two separate terms – from 1991 to 1994 as an active member representative and then again from 2009 to the present as a retiree member representative. He was an attorney and retired from the state of Ohio in 1996 after a career as a state hearing officer and state tax auditor. Maurer also served in the military.

As an effective and trusted Board member, Maurer served on many OPERS Board committees during his terms. He was known as a passionate advocate, especially on behalf of his fellow retirees. His diligence and expertise will be greatly missed.

OPERS News

OPERS News is a quarterly newsletter providing news and information to active and retired members of the Ohio Public Employees Retirement System. This publication allows us to communicate vital information concerning retirement benefits to our members.

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.

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OPERS Board of Trustees

For more information on the OPERS Board of Trustees, visit opers.org.

Elected Board Members

Vacant
Non-teaching College/
University Employees

Sean Loftus
County Employees

Christopher Mabe
Vice Chair
State Employees

Vacant
Retired Members

Cynthia Sledz
Miscellaneous
Employees

Ken Thomas
Board Chair
Municipal Employees

Steve Toth
Retirees

Statutory Board Members

Robert Blair
Director, Department of
Administrative Services

Appointed Board Members

Herman Mollmann
Investment Expert,
Governor Appointee

Robert Smith
Investment Expert,
Treasurer of State
Appointee

James R. Tilling
Investment Expert,
General Assembly
Appointee

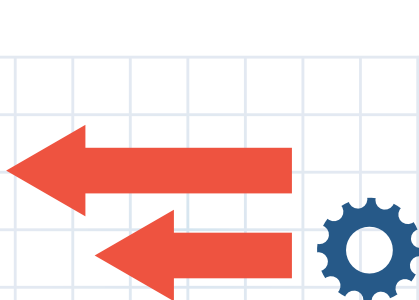
Karen Carraher
Executive Director


Board Election Results

Julie Albers will replace Sean Loftus, who did not run, as a representative for county employees. Incumbent miscellaneous employee representative **Cynthia Sledz** ran unopposed for her seat and will join Albers in serving four-year terms beginning Jan. 1.

Current trustees will select the representative for non-teaching college/university employees, with the departure of Charles Latsa from the Board. Candidates will serve on the Board through Dec. 31, 2018.

John Maurer was re-elected to the Board as a representative for retirees. Due to his untimely passing, OPERS will follow special election procedures to fill this vacancy next year.





The Art of Asset Allocation by Age

When you're investing, where you choose to allocate your assets could have a significant impact on your long-term returns. But it's not something you do just once. "Taking stock" of your investments and rebalancing them regularly may be almost as critical as where you invest them in the first place. This is the art of asset allocation by age.

Give your portfolio some class

Asset allocation is the percentage of money you direct into each of the major asset classes – stocks, bonds and cash accounts. Stocks can be divided into sub-asset classes such as large cap, mid cap and small cap, and domestic and international, to name a few. Not to be outdone, bonds have sub-asset classes too, including long-term government bonds and corporate bonds.¹ Each asset class has a different level of investment risk. Stocks generally have higher risk with higher potential returns. Cash accounts have the lowest risk and returns, and bonds are somewhere in between.

Over time some asset classes will perform well and others will lag behind

How you divide your retirement savings among them – your asset allocation – determines your risk and return potential even more directly than the individual investments you choose.²

Weighing risk

Historically, stocks have offered higher returns than bonds over long periods of time. So if a typical investor with 30 years or more before retirement is looking for the most growth potential, it would not be uncommon to have an asset allocation of 90 percent stocks and 10 percent bonds. However, if a typical investor was nearing retirement, it might make sense to limit risk with an asset allocation of 60 percent stocks, 30 percent bonds and 10 percent cash.³

OPERS offers an online Rebalancing Feature

Over time some asset classes will perform well and others will lag behind. Let's say stocks perform better than bonds, and your 90/10 allocation becomes 95/5. That's when you may need to rebalance to get back to your original percentages.

Keeping your balance

In general, it may be a good idea to rebalance your portfolio at least once a year. Rebalancing involves selling the higher-priced investments and buying lower priced ones. Why does this make sense? For starters, you're sticking to the old adage of buy low, sell high.

OPERS offers a Rebalancing Feature, accessible through your online account, which allows you to make a one-time request determining how you would like your account balances to be allocated among the various OPERS investment options. OPERS takes care of the rest by updating your account on a quarterly basis according to your desired asset allocation mix.

Stick to your guns

It may help to choose an asset allocation that aligns with your long-term goals and keep it steady by rebalancing regularly. As your needs and risk tolerance change, you may find it beneficial to make tweaks as needed to stay in control.

Source: voya.com

¹Stocks are more volatile than bonds, and portfolios with a higher concentration of stocks are more likely to experience greater fluctuations in value than portfolios with a higher concentration in bonds. Foreign stocks and small and midcap stocks may be more volatile than large cap stocks. Investing in bonds also entails credit risk and interest rate risk. Generally investors with longer timeframes can consider assuming more risk in their investment portfolio.

²Asset allocation and rebalancing do not ensure a profit or protect against loss in a declining market.

³These allocation examples are hypothetical and are not meant as investment advice. Your allocation needs may be very different and are based on your goals, time horizon and risk tolerance.



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House Bill 413, which contains the Board's recommended COLA changes, is moving through the Statehouse. Get the latest updates and learn more about these changes.

The Art of Asset Allocation by Age

How you divide your money among different investment categories – also called asset allocation – is one of the most important strategic decisions you will make.

