

# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

## Combined Plan

## Answers to your questions regarding recent OPERS investment performance

A message from Chris DeRose, Ohio PERS CEO

*In the last issue of Ohio PERS NEWS, we addressed the fact that retiree pensions remain secure despite a significant decline in value for the OPERS investment portfolio in 2008. The message addressed fears regarding our continued ability to support pension payments, but also prompted members to ask additional questions about OPERS' financial status. Because it's important for our entire membership to have a clear understanding of the market downturn's impact, we have compiled the answers to some of the most common questions we've received.*



Answers to your questions

○○○ 1

Legislative Update

○○○ 2

Can I borrow against my OPERS account?

○○○ 3

Elections to be held for three Board positions

○○○ 4

Required Minimum Distributions waived for 2009

○○○ 5

2009 educational seminars

○○○ 6

One-on-one counseling now available close to home

○○○ 6

### How did OPERS perform in 2008?

For the first time in five years the pension fund experienced a decrease in fund assets in 2008 ending the year with \$59.0 billion in assets compared to \$82.9 billion at the end of 2007. This decrease represents a negative 26.9 percent return. In the previous five years the returns were 8.9 percent in 2007, 14.7 percent in 2006, 9 percent in 2005, 12.5 percent in 2004 and 25.3 percent in 2003.

### Has OPERS ever experienced a market downturn to this degree?

No. The lows that we witnessed in the investment market over the last several months have impacted just about every

sector of the economy and are unprecedented for OPERS. However, it's important to understand that the system remains strong and stable due to our diversified portfolio, disciplined investment approach and experienced investment staff.

### How is the OPERS investment portfolio positioned to weather the economic downturn?

Regardless of the economic climate, OPERS adheres to an investment plan specifically designed to withstand market fluctuations. We invest for the long term and maintain a diversified portfolio spread over many asset classes, market sectors and geographies.

As a long term investor, we aim to achieve an average return of 8 percent over time. Periodic market downturns occur and are incorporated into this average as are periods of positive returns.



*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  
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.*

## Answers to your questions

(continued from page 1)

OPERS will continue to monitor all aspects of the pension system, including investment returns and make adjustments as necessary.

### What can I do in response to the downturn?

As a long-term investor in the OPERS Combined Plan, your investment options are spread over many asset classes, market sectors and geographies. These options allow you to weather market volatility and to benefit when market stability and growth return. It is important to maintain focus on your long-term retirement goals and maintain a diversified portfolio. You should be realistic about how much time you have left until retirement. Look at your own situation to see if you are able to make additional contributions to your individual account or to Ohio Deferred Compensation (see “Saving for Retirement” at [www.opers.org](http://www.opers.org)).

## Legislative update

### Senate Bill 267

Amended Sub. SB 267 became effective on March 24, 2009. The bill contained several provisions that impact members of our law enforcement program.

As part of SB 267, municipal public safety directors are no longer classified within or contributing under the OPERS law enforcement division effective March 24, 2009. SB 267 has re-classified these public safety directors within the non-law division.

Another provision of SB 267 authorizes the OPERS Board to adopt a rule allowing certain OPERS members to convert their non-law enforcement service credit to law enforcement (or public safety) credit at a cost that is equal to the additional liability for the conversion. Because the provision allows the Board to adopt a rule rather than mandate the rule's effective date, OPERS is in the process of developing a timeline for implementing this provision.

(continued on page 8)

# Can I borrow against my OPERS account?

To protect your future benefits, loans are not allowed by law

*“Can I take out a loan against my OPERS account?”*

*“Is it possible to make a withdrawal from my retirement account?”*

From time to time, especially during challenging economic climates, we receive these type of questions from our members. The simple answer to these questions is “no”, but there are significant reasons.

State retirement law provides that OPERS contributions, along with interest and an additional amount, if applicable, may be refunded only after you terminate all public employment and three months from the date you terminated have passed. Also, federal tax law prohibits OPERS members from receiving distributions from their accounts while remaining employed in the public sector.

Since you contribute to OPERS for your public employment and not to Social Security, your OPERS benefits can yield a substantial portion of your income as a retiree. State retirement law does not permit loans from OPERS as loans issued against your retirement account could compromise your retirement savings and pose a financial burden at retirement.

If you decide to terminate public employment, you may choose to leave your account on deposit with

OPERS. By doing so, your membership continues in OPERS until you take a refund of your account, receive a retirement benefit or until your death. In addition, your employee contributions continue to earn interest at a rate set by the OPERS board.

Once you terminate public employment, consider very carefully what you want to do with your OPERS account. Depending on your years of service credit and in which retirement plan you participate, leaving your account on deposit may qualify you to receive valuable benefits upon reaching an eligible age. **We highly recommend that you talk with an OPERS representative before you take a refund of your account. A counselor can explain the benefits you have earned and what you may be forfeiting by refunding your account.**

Members participating in the Ohio Public Employees Deferred Compensation Program may qualify for an early withdrawal if they have experienced an unforeseen emergency. The provision is designed to aid those suffering extreme financial hardship due to circumstances beyond their control. Qualification is subject to IRS guidelines. Please contact the deferred compensation program directly at 1-877-644-6457 for more information.

## Take it or leave it?

Leaving your account on deposit with OPERS after termination of public employment could yield the following benefits:

- With at least five years or 60 contributing months of service credit in the plan, you have earned a right to a retirement benefit payable, upon application, at age 60.
- With 18 months of contributing service credit in the plan and with three of those months occurring two-and-a-half years immediately before death, you have earned survivor benefit protection for qualified survivors.
- If you become permanently disabled within two years of termination of plan participation and you have at least five years of service credit in the plan, you may apply for disability benefits.

# Elections to be held for three positions on the OPERS and Ohio Deferred Compensation Boards of Trustees

Elections for three seats on the OPERS and Ohio Deferred Compensation Boards of Trustees will be held in September. Active county and miscellaneous employees as well as retirees will have the opportunity to elect a candidate for representation on the Boards. Individuals elected to the OPERS Board also automatically serve on the Ohio Deferred Compensation Board. Those elected will serve four-year terms beginning in January 2010.

Under Ohio law, a candidate seeking an employee member seat is required to obtain a minimum of 500 signatures from active members of 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 5 different counties must be represented by a minimum of 10 signatures each.

Monday, Oct. 5. The final results will be certified by the Secretary of State's office.

***Change of address? Please be certain that OPERS has your current address so that you will receive your election ballot.***

## 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 (college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retirees); 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.

OPERS Board of Trustee members receive no compensation for their service, but reimbursement is made for necessary expenses. All meetings of the OPERS Board are open to the public. All Board meeting agendas and materials are available on our Web site, [www.opers.org](http://www.opers.org).

### 2009 OPERS Board of Trustees election schedule

Nominating petitions available . . . . .	<b>June 12</b>
Completed petitions due . . . . .	<b>August 3</b>
Voting materials mailed . . . . .	<b>August 28</b>
All votes must be received by . . . . .	<b>October 2</b>
Election count . . . . .	<b>October 5</b>

Nominating petition packets will be mailed to employers on Friday, June 12 for distribution to interested candidates.

County employees are those working for a county in Ohio. Miscellaneous employees include, but are not limited to, those working for one of the following: park district, conservancy district, sanitary district, health district, township, metropolitan housing authority, state retirement board, public library, county law library, union cemetery, joint hospital or institutional commissary.

Packets will also be available at the OPERS office at 277 East Town Street, Columbus, Ohio. 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. 3; petitions postmarked on this date, but received later, are invalid.

Any active OPERS member, with the exception of one receiving a disability benefit, is eligible for election to represent the employee group in which they belong. Any OPERS retiree receiving an age and service retirement benefit or a disability benefit is eligible for election as a retiree representative.

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 at the home address of record on Aug. 28, 2009. Eligible members and retirees will be able to vote until Oct. 2, 2009. The election count is scheduled for

## Required Minimum Distributions Waived for 2009

The Worker, Retiree and Employer Recovery Act, signed into law late last year, eliminated required minimum distributions (RMD) from defined contribution plan accounts for 2009. The Act provides relief to Combined Plan participants who would otherwise be forced to take distributions from their accounts at a time when their balances have dropped significantly due to the current market downturn.

Combined Plan participants normally must begin taking annual withdrawals from their qualified plan accounts, including OPERS individual defined contribution accounts, in the year they reach age 70½ or in the year they retire, whichever is later. The amount of the RMD in any year is based on account balances as of December 31 of the prior year. RMD rules do remain in effect for all other years, including 2008.

The new law eliminates the stipulation that RMDs for defined contribution accounts be taken for 2009. However, if an RMD-eligible member takes a refund during 2009, the part of that refund that would have been considered the 2009 RMD amount will be paid directly to the member with 10 percent withheld for taxes.

All or a portion of that refund for 2009 may be rolled over to an eligible retirement plan since it is no longer classified as an RMD under the new provision. If you choose this option, the RMD amount will be mailed to you at the address on file with OPERS. With that check, you also will receive notification of the 2009 RMD amount and your eligibility to roll it over. If you elect to roll over this amount, rollovers must take place within 60 days of the distribution. The remaining amount will be sent to the financial institution accepting the rollover.

For more information on this new legislation, you can call the OPERS Help Line at 1-866-673-7748, Monday through Friday, 7:30 a.m. until 5:00 p.m.

## 2009 health care seminars for active members

New in 2009, the member-specific health care seminar is designed to address the needs and concerns of active members within 5 years of retirement. The seminar will help prepare members for the transition from employer-sponsored health care coverage to the OPERS retiree plan. Members will learn the details of their coverage options and how to navigate the application process.

All active member seminars begin at 1:00 p.m. Registration is required and seminars do fill quickly. Please call 1-800-222-7377 or visit [www.opers.org](http://www.opers.org) to register.

### 2009 OPERS Health Care seminars

<b>Akron</b> June 12	November 13
<b>Athens</b> November 20	<b>Lima</b> December 4
<b>Cincinnati Eastgate</b> May 1	<b>Mansfield</b> June 19
<b>Cincinnati Sharonville</b> November 13	<b>Mentor</b> May 29
<b>Columbus OPERS</b> May 15 September 18	<b>Newark</b> July 24
<b>Dayton</b> August 28	<b>Portsmouth</b> July 10
<b>Elyria</b> April 17	<b>Ravenna</b> December 11
<b>Huron</b> August 21	<b>Steubenville</b> June 25
<b>Independence</b> July 16	<b>Toledo</b> September 4
	<b>Youngstown</b> April 24 September 11

## 2009 calendar of educational seminars

### We offer a wide variety of educational seminars

Contact us at 1-800-222-7377 to register.

**Providing Long-term Awareness Now (PLAN)** – A seminar for members who have at least five years of service credit and are generally mid-career public employees. Topics discussed include Ohio PERS benefits, Social Security and others. There is no cost to attend this half-day seminar. You may bring one non-member guest with you. Pre-registration is required.

**Retirement Awareness Program (RAP)** – A seminar for members who are within five years of retirement. Topics include OPERS benefits, deferred compensation and Social Security. There is no cost to attend this full-day seminar, which includes lunch and supplemental reference materials. You are welcome to bring one non-member guest with you. Pre-registration is required.

**Retirement Readiness** – A seminar for members who are within 18 months from retirement. Your Ohio PERS benefits are discussed, along with timeframes and details of paperwork needed for processing your pension benefits. There is no charge for this half-day seminar. Pre-registration is required of members and any accompanying non-member guest.

### **Note for Combined Plan participants:**

*We invite and encourage you to attend any of the educational seminars listed here. Although the information will be beneficial, we want you to be aware the current focus of these seminars is on the defined benefit portion of your individual account. We plan to add information about the defined contribution portion for Combined Plan members as more members begin to retire under the Combined Plan.*

*Please indicate that you are a member participating in the Combined Plan when registering for a seminar. This will allow us to have materials and staff available to address your specific needs and concerns.*

### **One-on-one retirement counseling now available close to home**

You can now get your questions about preparing for retirement or changing plans answered close to home. Beginning this month, OPERS counselors will be in locations around Ohio for remote counseling sessions specifically for our Member-Directed and Combined Plan participants.

Just click on “Counseling” in the “Members” section of [www.opers.org](http://www.opers.org) and follow the links to Remote Counseling to view the locations and dates for these sessions. Call 1-800-222-7377 to register.

If there isn't a session scheduled close to where you live, you have other counseling options. You can set up an in-person counseling session in Columbus or you can have your questions answered over the phone from the comfort of your own home. Call 1-800-222-7377 to schedule an in-person appointment with a counselor at the OPERS office or set up a time for an up to 30-minute session over the phone at an appointed time at the place most convenient for you.

# 2009 calendar of educational seminars

## 2009 PROVIDING LONG-TERM AWARENESS NOW

<b>Canton</b> June 5 (Closed)	<b>Columbus OPERS</b> July 16 (Closed)	<b>Dayton</b> July 31
<b>Cincinnati East</b> April 23 (Closed)	<b>Cleveland Eastlake</b> July 9	<b>Mansfield</b> June 25

## 2009 RETIREMENT AWARENESS PROGRAM

<b>Athens</b> May 19 (Closed)	<b>Cleveland Eastlake</b> July 8 (Closed)	<b>Independence</b> April 29 (Closed) Oct. 21
<b>Boardman</b> Oct. 7 (Closed)	<b>Columbus OPERS</b> May 13 (Closed) July 17 (Closed) Oct. 15 (Closed) Dec. 2 (Closed)	<b>Mansfield</b> June 24 (Closed)
<b>Canton</b> June 4 (Closed)	<b>Cuyahoga Falls</b> Sept. 17 (Closed)	<b>Perrysburg</b> Sept. 3 (Closed) Nov. 4
<b>Cincinnati East</b> Aug. 5 (Closed)	<b>Dayton</b> July 30 (Closed)	<b>Strongsville</b> Aug. 19 (Closed)

## 2009 RETIREMENT READINESS

<b>Athens</b> May 20 (Closed)	<b>Cleveland Eastlake</b> July 7 (Closed)	<b>Independence</b> April 30 (Closed) Oct. 22
<b>Boardman</b> Oct. 8 (Closed)	<b>Columbus OPERS</b> Aug. 13 (Closed) Nov. 19 (Closed)	<b>Mansfield</b> June 23
<b>Canton</b> June 3 (Closed)	<b>Cuyahoga Falls</b> Nov. 18	<b>Perrysburg</b> Sept. 4 Nov. 5
<b>Cincinnati East</b> April 22 (Closed) Aug. 6 (Closed)	<b>Dayton</b> July 29 (Closed)	<b>Strongsville</b> Aug. 20 (Closed)

# Ohio PERS Board of Trustees

The 11-member Ohio PERS 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

**Eddie Parks**  
State Employees

**Sharon M. Downs**  
Retired Members

**John W. Maurer**  
Retired Members

**Kimberly Russell**  
State College and University Employees

**Cynthia Sledz**  
**Vice Chair**  
Miscellaneous Employees

**Ken Thomas**  
**Chair**  
Municipal Employees

**Helen Youngblood**  
County Employees

### Statutory Board Member

**Hugh Quill**  
Director, Department of Administrative Services

### Appointed Board Members

**Lennie Wyatt**  
Investment Expert  
Governor Appointee

**Charlie Adkins**  
Investment Expert  
Treasurer of State  
Appointee

**James R. Tilling**  
Investment Expert  
General Assembly  
Appointee

**Chris DeRose**  
*Chief Executive Officer*



 Printed in Ohio on paper with a 10% post-consumer content

## Legislative update *(continued from page 2)*

We understand that a significant number of our members are anxious to convert their service credit and to know the cost of the conversion. However, there are many steps and a rule approval process that the OPERS Board and staff must complete before the provision can be implemented. First, the OPERS actuary is required to develop a cost formula that will ensure that OPERS receives from the member the additional actuarial liability associated with the conversion. Once the actuary has completed this step, OPERS staff will be able to establish a timeline for implementation which we will communicate to our members. Please watch future newsletters and our Web site for updates.

### House Bill 600 Update

At the request of the OPERS Board, Representative Lynn Wachtmann (R-Napoleon) introduced HB 600 last July. The goal of the legislation was to modify the current formulas for determining the cost of purchasing various types of service credit.

A 2006 study by the Ohio Retirement Study Council indicated that OPERS is subsidizing approximately 80 percent of the actuarial liabilities to the pension and health care funds caused by service credit purchases under

current law. HB 600 was intended to reduce the service credit purchase subsidy and it was based on sound pension trust fund policy.

Because the legislature adjourned in December 2008 without taking action on HB 600, the bill will have to be reintroduced in the 128th General Assembly which convened earlier this year. OPERS will provide updates on the bill once it has been reintroduced.

### Social Security Fairness Act of 2009 HR 235 and S 484

Federal legislation (HB 235) to amend Title II of the Social Security Act to repeal the Government Pension Offset and Windfall Elimination provisions was introduced in the U.S. House of representatives on Jan. 7, 2009 and has been referred to the House Ways and Means Committee. Identical legislation (S 484) was introduced in the U.S. Senate on Feb. 25, 2009 and was referred to the Senate Committee on Finance. Please watch future issues of your OPERS newsletter for updates on the progress of this legislation. More information is also available on the Library of Congress (Thomas) Web site, <http://thomas.loc.gov/>, where progress on current legislation is recorded and can be looked up using the bill number.