

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

OPERS fund strong despite market downturn

A message from Chris DeRose, Ohio PERS CEO

Historic changes on Wall Street may have raised concerns about OPERS' investments and benefits. While the news of the markets can be understandably concerning, it is important for you to know that your pension benefits are secure.

well-diversified portfolio invested across asset classes, geographies and sectors and we view returns with a long-term perspective. Our investment strategy continues to reflect a disciplined approach to meet current and future benefit obligations. In addition, our experienced investment consultants work with the Board and staff to provide independent advice.



A variety of issues plague the economy, including a troubled housing market, credit crunch and high energy prices, making it a very difficult environment for investors. Some analysts predict the markets will not rebound this year, and it remains uncertain when a recovery could begin.

Despite this challenging environment, our investments beat their benchmark during the calendar year ended Dec. 31, 2007. Our Defined Benefit (DB) Plan stood at \$69.7 billion, with a return of 8.89 percent and ahead of its projected benchmark of 8.66 percent. Our Health Care (HC) Plan stood at \$13.2 billion as of Dec. 31 with 31 years of solvency. In other words, the HC Plan has enough assets to cover the next 31 years of health care expenses for our members.

Our fund is strong enough to weather these challenges in the financial market. The pension funds for our

908,000 members are safe. The stability and financing of our pension system is solid.

As institutional investors, we are positioned to weather the volatility in the market with a

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It is expected that the global economic crisis will impact our absolute returns in 2008. As of Sept. 30, 2008, OPERS' total assets were \$69.3 billion. Our DB Plan stood at approximately \$57.9 billion, and our HC Plan stood at approximately \$11.4 billion. It is likely that there will be further declines in the value of our assets this year.

In summary, we have faced downturns in the market before and will survive this one. Our experienced investment staff is working diligently within a volatile market. Our diversified portfolio will once again weather the storm as it has many times in our 73-year history.

Ohio PERS NEWS – Your Benefit Connection is a quarterly newsletter providing news and information to more than 150,000 age and service retirees, disability benefit recipients and survivor benefit recipients of the Ohio Public Employees Retirement System. This publication allows us to communicate vital information concerning retirement benefits and health care coverage to our retirees 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.

2009 benefit payment schedule



Retirees can expect their first benefit payment in 2009 to be deposited on Friday, Jan. 2, 2009. In 2008, we began distributing the Jan. 1 benefit payment on the first business day of the new year for tax accounting purposes. This policy only affects the first payment of each year.

All other payments throughout the year will be issued on the first business day of the month. If that day falls on a weekend or holiday, payments will be issued on the last business day of the previous month.

January 2
January 30 (February)
February 27 (March)
April 1
May 1
May 30 (June)
July 1
July 31 (August)
September 1
October 1
October 30 (November)
December 1

For your benefit

OPERS introduces Virtual Hold™ technology

OPERS has implemented a Virtual Hold™ system to help us better serve our members and retirees. Virtual Hold™ technology allows callers placed on hold to choose to receive a callback from an OPERS member services representative in the same amount of time as they would have waited on hold. Callers no longer need to remain on the phone while waiting for an available representative, yet they do not lose their place in line. Calls are taken or returned in the order they are received.

Virtual Hold™ provides the following options when a caller is faced with a wait time of more than two minutes before their call can be answered:

- Informs the caller of an estimated wait time
- Allows the caller to leave their phone number for a call back (OPERS will make three attempts to return each call, if necessary)
- Allows the caller to wait on hold if they wish
- Allows the caller to schedule a call back at a more convenient time

An ever-growing member and retiree population raises the number of calls we receive each year. In 2007, our member services representatives answered 463,598 phone calls. We estimate the implementation of Virtual Hold™ technology will improve satisfaction with our service by reducing wait time, improving our average speed of call answer and reducing the numbers of calls that are abandoned while on hold. The system will also save time and toll costs and reduce the need for repeat calls.

Most importantly, Virtual Hold™ will allow our member service representatives to maintain a high level of service despite a consistently growing number of calls. The new system won't eliminate wait time, but it will allow us to be respectful of each caller's time by offering them options for receiving the information they need or an answer to their question.

Re-employment reminder for disability benefit recipients

In order to avoid immediate termination of benefits, it is important that anyone receiving an OPERS disability benefit contact OPERS for a review of their potential employment before becoming re-employed. Becoming employed in any capacity may affect the continued receipt of disability benefits. Please complete a *Request for Review of Employment from a Disability Benefit Recipient* form (DR-2) and submit it to OPERS. This form is available on the OPERS Web site, www.opers.org, or by calling OPERS.

OPERS disability benefit recipients who return to public employment are subject to immediate benefit termination. Public employers are required to notify OPERS in writing when a disability benefit recipient becomes re-employed in an OPERS-covered position. Any overpayment of benefits due to a failure of notice is the liability of the employer. If the public employer properly notifies OPERS of the re-employment, the disability benefit recipient may be liable for benefits paid after they return to

employment. Employment with a private employer or with an employer covered by State Teachers Retirement System of Ohio (STRS), School Employees Retirement System of Ohio (SERS) or as an independent contractor may also affect continued receipt of disability benefits. If you have questions regarding disability benefits and re-employment, please contact us at 1-800-222-7377.

Legislative update

Iran and Sudan Divestment Policy Update

The OPERS Board and staff continue to implement the Iran and Sudan Divestiture policy adopted by the Board in September 2007.

For the first year, the Iran and Sudan Divestment Policy requires OPERS staff to prepare quarterly reports for the Board updating them on progress made toward managing and implementing the policy. Thereafter reports will be provided to the Board on a semi-annual basis.

The second quarterly report was presented to the OPERS Investment Committee at its August meeting and covered the period from Dec. 31, 2007 to July 1, 2008. During the review period, OPERS' exposure to scrutinized companies declined from 39 names representing \$621 million in exposure to 24 names and \$597

million in exposure. This decline occurred during a period when companies in the financial sector struggled relative to energy and materials firms. Over three quarters of the names on the OPERS Scrutinized Companies List are classified as belonging to the energy or materials sectors.

While there continues to be a net decrease in our holdings in scrutinized companies, it is still too early to draw any conclusions about the impact of the new policy. OPERS will continue to implement the policy and provide members and retirees with updates after they are presented to the OPERS Board.

OPERS Purchase of Service Credit Legislation Introduced

At the request of the OPERS Board, Representative Lynn Watchmann (R-Napoleon) introduced HB 600 in July.

The goal of the legislation is to modify the current statutory formulas for determining the cost of purchasing various types of service credit so that the system receives close to the full actuarial cost of the service credit purchased.

A recent 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. The proposed legislation is fair and equitable to OPERS members and represents sound pension trust fund policy by requiring the members who benefit from the service credit purchases to pay OPERS for the actuarial liabilities created by the service credit purchases.

What's new at www.opers.org

Fill-In forms now available

Filling out an OPERS form just got a little easier. Now, when you use your computer to access a form, you can type your information directly onto the form. Due to signature requirements, forms cannot be submitted electronically. You should complete the forms online, print them and mail the completed copies to OPERS. Not all forms are currently available in a fill-in format, but more will be added throughout the coming months.

The new fill-in forms are encoded to guide you through the process of entering the necessary information, ensuring the

form is completed correctly. This technology is convenient for you and provides OPERS with completed forms that result in fewer errors and readability issues when scanned electronically for your case file.

Access to these forms is available from the home page and also the Forms pages on www.opers.org. Detailed instructions including software requirements and a guide to entering information are also available on the site. If you have questions, please contact us at 1-800-222-7377.

Feeling fine? See your doctor

The OPERS health care plan covers many important preventive services at 100 percent

Tough economic times and rising health care costs may tempt you to avoid seeing a doctor unless you are feeling ill. However, physicians and health experts emphasize the importance of routine doctor visits and suggest you complete any preventive tests your doctor recommends. Preventive exams and testing allow problems and conditions to be diagnosed early when treatment is likely to be most effective and least expensive.

To help you follow this important advice, the OPERS health care plan covers many preventive services, including some vaccines, at 100 percent. Deductibles and co-insurance will not apply if these services are billed as “preventive” or “routine” by your physician. The following preventive services are covered at 100 percent* under the OPERS health care plan and the Aetna Medicare Open Plan unless otherwise noted.

- **Routine physical**

(Maximum \$100 under the Aetna and Medical Mutual OPERS health care plans, the Aetna Medicare Open Plan pays 100 percent)

- **PAP test**

- **Mammogram**

- **Prostate Specific Antigen (PSA) test**

- **EKG**

- **Cholesterol, blood sugar and lipid screening**

- **Colonoscopy** *(one “routine” test every 10 years)*

- **Sigmoidoscopy** *(one “routine” test every 5 years)*

- **Bone density test**

- **Flu vaccine**

- **Pneumonia vaccine**

- **Shingles vaccine**

(not covered under the Aetna Medicare Open Plan)

**If you are not yet eligible for Medicare, you may still be balance billed for services received from a provider who is not in your health plan’s network.*

Coming in 2009 - A health care seminar designed specifically for retirees

OPERS has offered a health care seminar for both active and retired members for several years. In response to requests and a recognition of the differing needs of these two groups, our health care education representatives will be presenting two distinct health care seminars in 2009.

The retiree-specific health care seminar is designed to address the needs and concerns of those receiving a retirement benefit and participating in the OPERS health care plan. The seminar will address details of the OPERS health care plan coverage options and the OPERS wellness programs. Retirees will also learn about retiree medical accounts (RMA) and the open enrollment process.

All retiree seminars begin at 10:00 a.m. Registration is required and seminars do fill quickly. Please call 1-800-222-7377 or visit www.opers.org to register.

2009 OPERS health care seminars

Akron June 12	Elyria April 17	Steubenville June 25
Cambridge March 27	Mansfield June 19	Strongsville February 13
Canton March 20	Mentor May 29	Toledo February 26
Cincinnati May 1	Miamisburg January 30	Youngstown April 24
Columbus OPERS March 13 May 15	Newark January 15	

2008 health care seminar for both active members and retirees:

Chillicothe
December 12
11:00 a.m.

Economic downturn prompts questions about OPERS health care coverage

The recent downturn in the economy has not only prompted questions regarding the stability of the OPERS pension fund, but also about the future of the OPERS health care plan. In an effort to ease the minds of our retirees and explain how the OPERS health care plan has been affected, we are providing answers to several of the most common questions we have received.

How long will OPERS provide a health care plan for retirees?

The funding of pension benefits is our first priority. However, the OPERS Board of Trustees has repeatedly expressed its commitment to subsidizing the cost for retiree health care coverage. Although not guaranteed by law, providing affordable, quality health care coverage has long been a priority at OPERS. The Board will provide it as long as resources permit. Fortunately, we have planned carefully and have a considerable trust fund set aside to provide retiree health care coverage.

Even with current market volatility, the OPERS health care fund stood at approximately \$11.4 billion as of Sept. 30, 2008. While the recent market downturn has lowered the total amount in the health care fund, OPERS investments are carefully positioned to weather the ups and downs of the market. We believe that our health care fund will rebound from the current market as it has from down markets in the past.

Will the money lost in the market affect my health care premiums?

Costs for health care coverage in 2009 are already set and will not change. Each year, OPERS evaluates retiree coverage rates based on a variety of factors including investment performance and health care inflation rates. Prior to open enrollment next year, we will determine costs for 2010. Our goal is to preserve future coverage while minimizing any hardship on our current retiree population.

What is going to happen to the Aetna Medicare Open Plan if the plug is pulled on Medicare Advantage programs?

OPERS evaluates the cost advantages of providing a Medicare Advantage program each year. If changes at the federal level negatively impact the Aetna Medicare Open Plan, we will review the benefits of offering the program. Retirees participating in the program will be offered alternatives in the event that we choose not to offer the Aetna Medicare Open Plan in 2010.

What can I do as a retiree to help OPERS keep costs down in regard to my health care?

There are a variety of steps retirees can take to help keep health care costs down, including:

- Choosing generic or formulary brand name drugs whenever possible
- Taking advantage of preventive testing benefits – early detection is key to overcoming certain illnesses and keeping treatment costs down
- Living a healthy lifestyle – chronic conditions due to unhealthy choices can shorten your life and require long and expensive treatments. Participating in the OPERS wellness programs can help you make healthy lifestyle changes.

Can retirees have access to investment/financial information periodically during the year? I would rather not wait for the statement that comes in my newsletter every summer.

OPERS provides quarterly investment updates on our Web site, www.opers.org. Our Web site is also a good place to find announcements regarding new investments or messages addressing market conditions throughout the year.

2009 calendar of educational seminars

Our seminars fill up quickly, so please register as early as possible. All dates and locations are subject to change. Seminar registrants will be notified of any changes at the earliest possible time.

RETIREE SEMINAR – This three-hour seminar is designed exclusively for OPERS retirees and benefit recipients. Topics range from taxation of your pension benefits and re-employment to health care coverage and Social Security. There is no cost to attend and you may bring a guest. Please register your guest's name when you enroll yourself. You can also register for this seminar using the Member Benefits System (MBS) at www.opers.org.

2009 RETIREE SEMINARS

Boardman October 6	Cuyahoga Falls November 17	Perrysburg September 2
Cincinnati North June 9	Dayton February 11	Strongsville August 18
Columbus (OPERS) January 14 April 8 July 15 October 14	Independence April 28	

REMOTE COUNSELING SESSIONS – If you live outside the Columbus area and wish to discuss your pension benefits with a benefits counselor, you can schedule a remote counseling session. Counseling sessions are also available by phone. Call 1-800-222-7377 to make an appointment.

2009 REMOTE COUNSELING SESSIONS

Cuyahoga Falls January 5 - 8 May 4-7	Strongsville February 2-5 June 8-11	Youngstown March 16-19
Perrysburg January 12-15 May 11-14	Lima February 23-26	Miamisburg April 13-16
	Sidney March 2-5	Wickliffe June 15-18

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.

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Qualifying events allow for health care coverage changes outside of open enrollment

The annual open enrollment period for the OPERS health care plan ended on Oct. 31, 2008. Changes to your coverage for 2009 should have been made during the open enrollment period.

You may only make changes to your coverage or enroll eligible family members outside of the annual open enrollment period if you have experienced a qualifying event. A qualifying event can be a new marriage or a new child (birth or adoption) or involuntary loss of coverage from another source.

You must inform OPERS of such an event, complete an enrollment application and provide supporting documentation of the qualifying event within 60 days. OPERS needs 31 days to process the application once it is received.

The effective date of coverage will be the first day of the next month (after the 31 days are up). If you enroll a new dependent in our health care plan, he or she will be placed into the same level of coverage with the same plan administrator that you have selected for yourself.

OPERS announces Medicare B reimbursement for 2009

OPERS reimburses retirees who are enrolled in our health care plan for the basic cost of Medicare B coverage. Effective Jan. 1, 2009, the monthly Medicare B reimbursement amount will be \$96.40.

To receive the Medicare B reimbursement, retirees must provide proof of Medicare B enrollment and a signed statement verifying they are not receiving a reimbursement or payment from another source on their behalf.

Please contact us at 1-800-222-7377 to report your Medicare B reimbursement through another source or any change in your Medicare status.