

# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

## Combined Plan

### OPERS Supports Business in Ohio

Investment activity by the Ohio Public Employees Retirement System touches businesses here in the Buckeye State in many ways. For instance, since 2010 OPERS has committed more than \$2.4 billion to Ohio investments or Ohio-based money managers. Meanwhile, Ohio-qualified managers not headquartered here oversee more than \$6.4

billion in OPERS assets. In addition, \$35 billion in OPERS funds are managed by our in-house staff, headquartered in Columbus.

Here is an updated look at our varied relationships with Ohio-related companies:

The funds are managed by Pernal Capital Management of Boston, which is a “fund of funds.” When OPERS makes contributions to Pernal, the firm finds other funds in which to invest, and it’s those entities that supply capital to individual companies.

The latest fund, Pernal Ohio Midwest Partners, was established in 2011. The three funds, which include co-investments, have pumped more than \$1 billion in Ohio-based companies, which today employ 5,391 people.

#### Public markets

Public markets account for a large percentage of the OPERS investment portfolio. Much of those investments are managed by outside firms, some of which are located in Ohio.

As of May 31, Ohio-headquartered companies manage \$883.9 million in OPERS equities. Portfolio amounts range from \$577 million managed by Fort Washington Investment Advisors of Cincinnati, to \$20.7 million overseen by Elessar Capital of Cleveland, a small firm that’s in our Emerging Manager Program.

Further, OPERS works with several Ohio-qualified managers, which maintain a significant presence in Ohio. These entities manage more than \$6.3 billion in OPERS assets, led by BlackRock Financial, which oversees more than \$3.1 billion in defined benefit and defined contribution assets.

#### Private equity

Among our local initiatives are the Ohio-Midwest Funds, \$200 million worth of financial commitments by OPERS that help companies grow and prosper.

This investment is classified as private equity, or equity investments in companies that are not traded on public exchanges. We initiated the first of three Ohio Midwest Funds in 2005 as a way to invest in the region. To date, we have contributed \$108.9 million of a total commitment of \$200 million to these funds.

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## OPERS supports business in Ohio

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*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](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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*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.*

*OPERS is not required to provide health care coverage to retirees or their dependents and will only do so at the discretion of the Board of Trustees.*

Finally, our holdings include about \$538 million in Ohio-based company stock. As of Dec. 31, 2012, these investments were topped by more than \$209 million we owned in Procter & Gamble Co. shares. You can see the top 10 list of Ohio holdings on page 108 of our 2012 Comprehensive Annual Financial Report, available at [www.opers.org](http://www.opers.org).

### Real estate

OPERS works with several Ohio-involved real estate managers, and we have made many direct investments in real estate projects across the state. As of June 30, we've committed \$889.1 million to eight Ohio-related real estate investment firms. They include \$475 million to Chicago-based manager Heitman to fund development projects in Ohio, and \$175 million to Fillmore Capital Partners, which invests in Ohio-related projects.

Also, OPERS has committed \$542 million in direct funding toward Ohio-focused projects, including apartments in New Albany, a built-to-suit warehouse in Marion for Whirlpool and hotel acquisition through Rockbridge Hospitality of Columbus.

### Miscellaneous

- In the year ended June 30, 2012, OPERS paid \$4.6 million in commissions to Ohio-qualified brokers.
- OPERS paid \$19.6 million in fees to Ohio-qualified managers in the year ended June 30, 2012.

## Condensed plans of payment became effective Sept. 1, 2013

The new condensed plans of payment went in to effect Sept. 1, 2013. Members with effective retirement dates of Sept. 1, 2013 and after will receive their retirement benefits under one of the new plans of payment. OPERS will no longer accept outdated forms listing the former plans of payment, so if you are planning to apply for retirement please be sure the retirement application you submit is current and lists the new, condensed plans of payment.

### New plans that went into effect Sept. 1, 2013:

- Single Life Plan (replaced Plan B)
- Joint Life Plan (replaced Plans A, C, D)
- Multiple Life Plan (replaced Plan F)

## Be aware of pension scams

### Large sums of cash being offered in exchange for pensions in scam

An independent securities regulator is telling retirees to beware of companies offering lump sums of cash in exchange for pensions.

The Financial Industry Regulatory Authority (FINRA) recently issued an alert that these “factoring companies” typically target recipients of structured settlements but have begun to turn their attention to pensioners. It says that the offers can be much less than the total of the payments that retirees will receive during their lifetime.

It says that some retirees might be tempted to opt for cash up front and trade in all or part of their pensions to cover health expenses, mortgage payments or other big bills.

“In a typical transaction, the recipient of a pension or structured settlement will sign over the rights to some or all of his or her monthly payments to a factoring company in return for a lump-sum amount,” FINRA states. “And the lump-sum amount that factoring companies offer will almost always be significantly lower than the present value of that future income stream.”

OPERS already offers members a partial lump sum option payment, in which they can receive a portion of their retirement benefit in cash in exchange for lower monthly benefit payments.

Ohio retirement law prohibits the assignment of Ohio pensions. Ohio Revised Code Section 145.56 states that OPERS pensions “shall be unassignable” except in certain cases. The exceptions do not include factoring companies, which sometimes accumulate multiple income streams

and package them as an investment. Therefore, OPERS can issue pensions only to its members, not to third parties such as factoring companies.

FINRA states that federal pension holders are typical targets of deferred payment purchasers. We contacted two such companies, Pennsylvania-based J.G. Wentworth and Arkansas-based Buy-My-Annuity.com, and each said that they currently are not purchasing state or local pensions, in part because of regulations.

However, as FINRA points out, that may not stop rogue salespeople from contacting our members. An industry website for factoring companies says in response to the question of unassignability: “Judges have the power to approve the sale, even if there is language ... that attempts to prevent you from selling your payments.”

While OPERS cannot issue pensions directly to factoring companies, there is no prohibition against the retiree selling their pension once they have received it from OPERS.

FINRA also said that investors who may be looking to buy into structured settlements should be wary because this type of investment offers little safety, and risks to individual investors are substantial.

To read the full alert issued by FINRA, visit their website, [www.finra.org](http://www.finra.org).



## Get connected to OPERS for the most up-to-date information

### **PERSpective**

*PERSpective* is a blog we have created to share our thoughts on important pension-related issues. Subscribe to *PERSpective* by clicking on the RSS feed logo on [www.opers.org](http://perspective.opers.org), or read it regularly at <http://perspective.opers.org>. You can also view PERSpective Videos, available at [www.opers.org](http://www.opers.org), that explain the major legislative changes and how they will affect OPERS members.



### **Facebook and Twitter**

More than 5,500 members and retirees “Like” our Facebook page, which uses the name “Ohio PERS.” We also utilize a Twitter account under the name “ohiopers.” Facebook and Twitter messages are used to inform people of news, events and items of interest.



Follow us on Twitter by searching @ohiopers and “Like” us on Facebook in order to receive updates from OPERS within your newsfeed.

### **eNewsNow**

*eNewsNow* is our mass e-mail system that allows us to provide members and retirees with timely information more quickly and efficiently than ever before. To begin receiving these important e-mail alerts, register for or log in to your online account and update your contact information.

## National Save for Retirement Week - Oct. 20-26

Are you prepared to meet your retirement goals? OPERS encourages you to take time during National Save for Retirement Week, Oct. 20-26, to evaluate your plans for income during retirement. You should also consider the rising cost of health care and begin saving for your retiree health care costs while you are still working.

National Save for Retirement Week is the first congressionally endorsed, national event formally calling on employees to learn about and take full advantage of their employer-sponsored retirement savings programs.

One of the key activities Ohio Deferred Compensation will be offering is a series of helpful educational opportunities for those planning to retire. These hour-long sessions, which you can access either by the Internet or over the phone, will stress the importance of building up your own nest egg to complement your pension.

### **Approaching Retirement, Oct. 22 and Oct. 24**

This webinar will provide basic information for employees who are nearing retirement such as asset allocation, risk tolerance and withdrawal options from their deferred comp account.

### **Beyond the Basics, Oct. 23 and Oct. 25**

This webinar is for those who want more detailed 457 plan information such as withdrawal strategies.

### **Retired Minds Want to Know, Oct. 29 and Oct. 31**

This is a webinar to help participants simplify their planning, understand fund access and guard against various risks.

For more information, or to register for a webinar, visit [www.ohio457.org](http://www.ohio457.org) or call 1-877-644-6457. To view your OPERS account summary or to run benefit estimates, visit [www.opers.org](http://www.opers.org) and log into your online account.

# OPERS.org home page gets a new look

## Providing balanced information

The last time you visited [www.opers.org](http://www.opers.org), you may have noticed the home page has a new look. The new design brings a more balanced look to the home page, as the focus of the home page shifts from the major issue of pension legislation to providing more information about upcoming health care changes and other important topics.

Previous information about pension and health care changes is still available on [opers.org](http://opers.org) but the information is presented in a more streamlined way.

The new design also features a box in the middle of the page used to rotate news, such as health care open enrollment and other important topics.

Another important change is the member login boxes at the top were removed in favor of buttons. The button will take you to a landing page to log into your account.

Visit [www.opers.org](http://www.opers.org) and take a moment to check out the new home page.

The screenshot displays the OPERS.org home page with a blue header. The header includes the OPERS logo, the text "Welcome to Ohio PERS - A partner in your future", and buttons for "MEMBER LOGIN" and "EMPLOYER LOGIN (ECS)". A search bar is also present. Below the header is a "Forms" section with dropdown menus for "Member forms", "Employer forms", and "Retiree forms". To the right is an "OPERS ALERT" box with a "System Maintenance" notice. Below the alert is a navigation menu with categories: "Board of Trustees", "Investments", "Health Care", "Government Relations", "Legal", "Vendor Opportunities", and "News". The main content area is divided into three columns: "Active & Inactive Members", "Contributing Employers", and "Benefit Recipients". Each column has a "Members", "Employers", or "Retirees" section with a list of links. On the right side, there is a "Quick Links" section with buttons for "GASB Standards", "Careers at OPERS", "Contact Us", and "CAFR / PAFR". Below that is a "Connect with OPERS" section with buttons for "Like us on Facebook", "Read our Blog", and "Follow us on Twitter". At the bottom, there is an "Additional Information" section with a link to "Plan Details for Law Enforcement and Public Safety Members" and a "From the OPERS Blog" section with a link to "Ballots being mailed for OPERS Board election".

## Your online account - take these actions to stay up-to-date

Next time you visit [opers.org](http://opers.org), be sure to log in to your online account and take the following actions:

**Register** for an online account if you have not done so.

**Update** your password to meet the new requirements.

**Review** your personal contact information to make sure OPERS has your current address, phone number and e-mail address. Also, review your current beneficiary designations.

**Select** your correspondence preference. Because of the recent updates to the online account system, all correspondence preferences were reset to "mail." If you would like to receive electronic correspondence from OPERS, you will need to make that selection.

**Explore** some of the new features available to you through your online account. To learn more about these features, visit our blog *PERSpective* at <http://perspective.opers.org>.

# Health Care update

## Rule changes in 2014 could effect your eligibility for health care coverage

If you are considering retirement, there are some rule changes effective Jan. 1, 2014 that could affect your eligibility for OPERS health care coverage.

**Qualifying service credit:** For members retiring on or after Jan. 1, 2014, only the following types of service credit will apply toward health care eligibility and allowance - contributing service, Ohio Retirement System transfers, interrupted military service (USERRA), unreported time and restored (refunded) service.

The OPERS website, [www.opers.org](http://www.opers.org), features a Service Credit and Health Care Coverage chart. This chart provides a complete list of the types of service credit which will and will not apply to health care eligibility beginning in 2014.

**Minimum earnings:** Health care credit will be granted for months in which at least \$1,000 is earned. Partial health care credit will not be granted for months in which less than \$1,000 is earned. Credit earned prior to January 2014 will not be affected by this change.

**Disability recipients:** Members first receiving a disability benefit on or after Jan. 1, 2014 will have coverage during the first five years of receiving disability benefits. After five years, a recipient must meet minimum age and service health care requirements or be enrolled in Medicare due to a disability to remain enrolled in the OPERS health care plan. If enrolled, allowance

will be determined in the same way as an age and service retiree.

Members receiving a disability benefit prior to Jan. 1, 2014 will have continued access to health care coverage based on the annual review and approval of their disabled status and will not be subject to the five-year rule described below. Allowance will be determined in the same way as an age and service retiree. If a recipient does not meet minimum age and service requirements, the minimum allowance will be used.

**Voluntary withdrawal:** On or after Jan. 1, 2014, OPERS health care plan participants who voluntarily elect to withdraw from the plan cannot re-enroll unless certain circumstances are met. This rule does not apply to dependents or retirees who return to public employment and are required to enroll in the employer's health care plan.

### **Additional changes effective Jan. 1, 2015**

**New eligibility rules:** The new program will require members to have at least 20 years of qualifying service and be at least 60 years old to qualify for health care or have 30 years of qualifying service at any age.

This means that eligible members have approximately one year to decide whether or not to retire under the current eligibility rule of 10 years of service. Members must not be on their employers' payroll later than Nov. 30,

2014, in order to qualify for OPERS retiree health care with 10 years of service.

**Allowance reduction:** The new health care plan will base the allowance given to participants for their monthly premiums on age and service. There will be a three-year transition for participants to the new allowance tables. All health plan participants will be receiving new allowances by 2018. Depending on your retirement effective date, you and any covered dependents will transition to new allowances between 2015 and 2018.

If you would like additional information, please go online to [www.opers.org](http://www.opers.org) to access the Health Care Planning Tool or call 1-800-222-7377 to schedule an appointment with an OPERS member counselor either in-person in Columbus or over the phone. You can also schedule an in-person appointment through your online account.

**We realize the changes to the retiree health care plan may prompt some members to consider or even re-evaluate their retirement plans. OPERS will introduce some new resources and tools to help members plan for the most ideal time frame for retirement.**

**Please continue to read your newsletters and visit our website for more information later this year.**

# Educational Webinars and Recorded Online Presentations

**OPERS now offers targeted, educational webinars and recorded presentations tailored to Combined Plan participants.**

To register for a webinar or to view a recorded online presentation, visit [www.opers.org](http://www.opers.org), and click on Seminar Options.

The content of these presentations is consistently updated, so be sure to check the Seminar Options page for the latest and most up-to-date listing of educational offering for Combined Plan participants.

## Webinars

**Ready to Retire Pension:** This webinar shows you how to calculate your monthly benefit and apply for retirement and provides details about payment options for your investment account.

**Ready to Retire Health Care:** This webinar provides information about important health care changes that will impact your retirement. It also discusses health care eligibility and how to calculate the monthly premium.

**Managing Your Individual Account:** This webinar provides important information regarding the different investment options, the difference between active and passive management, and how to manage your account online.

**Quarterly Updates:** This is a live, interactive webinar with timely content updated to reflect recent developments in the Combined Plan.

## Recorded Online Presentations

**OPERS Pension and Health Care Changes:** This recorded presentation answers important questions about the current pension plan and health care changes and how they apply specifically to you.

**Ready to Retire Pension:** This recorded presentation shows you how to calculate your monthly benefit and apply for retirement and provides details about payment options for your investment account.

**Managing Your Individual Account:** This recorded presentation provides important information regarding the different investment options, the difference between active and passive management, and how to manage your account online.

**Changing Your Investment Options:** This recorded presentation will teach you how to change investment options for your current account balance as well as future contributions.

**Retirement Checklist:** This recorded presentation provides important details of how to prepare for the retirement process.

**Refunding from the Combined Plan:** This recorded presentation provides information regarding the refund process including how to apply for a refund and how to determine the refund amount.

**Viewing Your Online Account and Updating Your Online Account Password:** These recorded presentations will provide you with information on how to update your account password as well as the features and benefits of using your online account.



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## Ohio PERS 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.

### **Elected Board Members**

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Retired Members

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University Employees

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