

# THE NEWSLETTER

Issued by PUBLIC EMPLOYEE RETIREES, INC.

## Third Quarter 2015

### PERI ANNUAL MEETING

MONDAY  
SEPTEMBER 28, 2015

FOR DETAILS  
SEE PAGE 10-11

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### INSIGHT FROM THE ADMINISTRATOR

by William I. Winegarner

#### A Little Bit of History



After the July 1985 PERI Board meeting, the then president, Robert M. Draper, issued the following memorandum to all PERI members

#### July 1985

*At the July meeting of the PERI Board, the suggestion was made that PERI request the Ohio Public Employees Retirement System to consider a 13th check for retirees of the system. Here is some background information about previous inquiries concerning such an extra check.*

*Over the past 7 years the Public Employee Retirees, Inc. has established a close working relationship with the Public Employees Retirement System. This relationship has been developed out of mutual respect for the preservation of the pension fund to keep it solvent so it can be a permanent fund for the maintenance and health of public retirees and their spouses.*

*The PERI has had the confidence of PERS who have, upon request, come before PERI and explained the actuarial audit each year, so that we would have knowledge of any surpluses that might be available each year for additions to our pensions and other benefits.*

*It has been the purpose of both organizations to preserve the assets as well as to in-*

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### Legislative Report

by John Gilchrist

With the passage of the \$71.5 billion, 4140+ page biennial budget bill (Amended Substitute H. B. No. 64), the Ohio General Assembly has recessed for the summer and is not scheduled to return until sometime in the fall. So far in this General Assembly, which began in January, there has not been very much legislative activity involving the retirement systems. The one bill that PERI has been monitoring closely the past few months has been this biennial budget bill.



Budget bills are notorious for being used as a vehicle to attach totally unrelated provisions, because it is one of the few pieces of legislation that must be passed. The budget bill is often called a Christmas Tree, because it contains all types of amendments, pushed by special interests, that are unrelated to state budgeting and finance. Both the House and Senate will generally adopt omnibus amendments that contain all of these special interest provisions as well as provisions related to budgeting. The problem with this approach is that these various amendments are not vetted; that is, they are not subject to the normal

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## A Message From the Chairman

by Bev Calvert



As amazing as it seems, summer is quickly passing. During these months, we planned for and anticipated attending many special events like family reunions, vacations, graduations, weddings, and road trips. We carefully marked these dates on our calendars, because they are about family and fun, and we did not want to miss events that would be enriching to our lives.

In the fall, there is an event that is of paramount importance to every retired public employee: The PERI Annual Meeting, which is being held on Monday, September 28th, at the Crowne Plaza North in Columbus. The information presented there will have a great deal to do with the challenges OPERS faces, and the stability of our retirement income and benefits. With knowledge there is power, so mark your calendars, fill out your registration form (on page 11 of this newsletter) and send it in. I know capacity at the Crowne Plaza will be reached quickly, and you don't want to be one of those whose registration has to be denied because we have reached its capacity.

I realize everyone's attention is focused on the new health care delivery requirements, and there will be additional information on that topic; however, there are many factors facing our retirement system that could make our health care allotment disappear. I am not sounding any alarms, but we all need to keep things in focus. OPERS is a pension system, not a health care system. If anything jeopardizes our defined benefit pension fund, health care benefits will be the last thing on anyone's mind.

As concerned and participating retirees, we all need to know what these potential pitfalls are, and how we need to approach them in an effort to protect our pension payments, first and foremost, and our health care benefits, if possible.

By the time you receive this newsletter, those members with Medicare Parts A & B will have received the second connector-ready packet from OPERS, and the OneExchange announcement letter and Getting Started Guide. Those under 65, and others not eligible for the above, will begin receiving their open enrollment information beginning in October.

At the annual meeting, OPERS will be presenting information on other areas they have been working on during the past year. They will discuss our pension and health care finances and give an overall financial prospective of this year compared to other years. John Gilchrist, our Lobbyist, will discuss legislation during the past year and what he sees happening at the Statehouse in this session of the General Assembly.

Our Administrator, Bill Winegarner, will present an overview of PERI's activities during the past year and items of interest that members need to be aware of in the coming year.

Even though I have only talked about the business part of the annual meeting, please remember that it is also a time to see old friends and to meet fellow retirees from all sections of the State. Don't miss out on this exciting and informative event on September 28th.

### INSIGHT FROM THE ADMINISTRATOR

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*vest them wisely so that there will always be income for increases in pensions and other benefits.*

*The PERI has tried to be reasonable in its demands, and we have always found the PERS reasonable in listening to our demands and cooperating with us in means to find the funds to finance them. This has been a partnership arrangement in which we research in cooperation with each other the needs and the means to satisfy them.*

*A few years ago, one of the retirement systems adopted the 13th check without researching the consequences of its effect on the future of the fund.*

*The 13th check is a misnomer: it is not really a 13th check, as it is based on any surplus at end of year, divided by number of recipients; so that there is no assurance that there will be a 13th check. Not only that, but it also has created havoc with its recovery system causing them to manipulate their funds so that the funding is not jeopardized.*

*Your organization is always welcome to suggestions which it will pursue and then bring back the results for the whole membership evaluation. We are anxious to receive increases as are any of you and will work to get them; but we want to be sure the system will be able to afford them without jeopardizing it.*

Some of the responses to the memo:

The then Executive Director of the Ohio School Teachers Retirement System (STRS), C. James Grothaus, wrote a long letter, the essence of which is contained in one of his paragraphs, which said:

*Two points in your in your memorandum are particularly disturbing to me. You state and I quote, "A few years ago, one of the retirement systems adopted the 13th check without researching the consequences of its effect on the future of the fund." This is a totally inaccurate statement which either denotes a poor recollection of our meeting in late 1980 in which it was explained, or you simply do not want to understand the supplemental benefit payment. This statement is so ridiculous that it has an analogy to someone facing the sun and stating "it's dark out here."*

A PERI Chapter President wrote:

*I am not speaking for myself, but also for all of the members of our newly formed council..... by a unanimous vote, we are asking you to seriously consider the 13th check.*

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## INSIGHT FROM THE ADMINISTRATOR

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Another PERI Chapter President wrote: *We voted 100% to obtain the thirteenth checks per year from the PERS, the same as state teachers receive from their system.*

An individual member wrote: *I am a member of PERI and I think it would be great, if we could get 13 checks a year from PERS as the teachers are receiving.*

Here was the situation. Both STRS and PERS were earning larger than necessary returns (to fund pensions) on their investments. The retired teachers wanted to receive a portion of the surplus funds in the form of an additional check at the end of each year, thus the term 13th check. The PERI board reviewed the situation, worked with PERS and determined that to strip current reserves from the pension system would eventually harm the system and its members.

As illustrated above, there was an outrage from many of our members, demanding that they get theirs now. They didn't care about those that followed. So what did they do? They bad mouthed the PERI board and dropped their membership. Guess who benefited from PERI's position to forego the 13th check? The "those that followed," that's right. It was us.

Because the majority of the PERI board researched the situation in detail and took a stand against depleting reserves for the gratification of some, OPERS is still within its funding rate, and extremely healthy in comparison with STRS, who has been struggling to meet their statutory funding requirements. STRS' spouses were dropped from health care coverage in 2002, and the retirees' premiums are in the \$200 plus range per month.

Based on PERI's stand, and thirteen years later, OPERS retirees and spouses still have not lost any of their benefits. For an under 65 member that equates to around \$132,600 per person in benefits, and for

anyone over 65, approximately \$54,600. Not one member, or spouse, excluding those under 55, has lost coverage during this time.

So here we are in 2015. The health care delivery method is going to change for those eligible for Medicare Parts A & B. These members are going to receive an allotment that will pay for all of their health care premiums. If the member has a spouse without his or her own coverage, both will be able to sign up for a Medicare Advantage Plan similar to the plan we have today, and the allotment the retiree receives will cover both. Even though surviving spouses will lose their allotment in 2018, they will still be able to receive a 0 (zero) premium, or other low cost, Medicare Advantage plan through the OPERS connector program.

OPERS has meticulously evaluated their health care financial status over the past fifteen years, examining every potential solution, and its effect on individuals and families. PERI has fully participated in every discussion and public meeting. We have offered suggestions, questioned proposals, and made sure that retirees were given every appropriate consideration in the decision-making process. We have explained to and communicated with our chapters and members every step of the way.

However there are still those who don't want anything to change. They want their spouses to be covered and they don't care at whose expense. Without any evidence to the contrary, they think OPERS is lying to them about their funding status. They don't think OPERS cares for their members. They think PERI has failed them. Some of these folks are on our board; some are PERI chapter officers, and many others are members. Regardless of the facts, they refuse to see the reality of the situation.

With all that said, we do rejoice in the fact that the vast majority of the PERI board, chapter officers, and members adhere to our purpose for existence: "To support and protect our retirement system and its

benefits." These men and women are very appreciative of the benefits they will be receiving. They are thankful for the OPERS staff and board members who labored for years to provide the maximum benefit possible.

Now, if you are having problems understanding the material you have been receiving, or if you need assistance in understanding how to sign up with the connector, call your local PERI chapter for assistance. Our chapter officers and members are trying to learn the procedures to the point they feel confident in assisting their fellow retirees, whether chapter members or not. You can find the chapter contact information on our website [www.operi.org](http://www.operi.org) and look for the "contact your chapter" tab. If you don't have a computer, call the District Representative for your county. Their names are listed on the back of this newsletter.

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## OPERS RESPONDS

On July 1, 2015 an editorial appeared in the Columbus Dispatch entitled "Pensions edging up."

Excerpts of which are written below:

Three years after long-overdue reforms were enacted, Ohio's five major public pension plans are showing modest improvements but still collectively are short of being fully funded as defined by state law.

This in some cases is the result of years of foot-dragging — some funds were told for years that they needed to make reforms, but only did so once the Wall Street recovery from the recession was well under way — but is a reason for cautious optimism. [Editor's note: See the Insight article in the 2011 PERI 1st quarter Newsletter <http://www.operi.org/archive.html> to learn who dragged their feet.]

The problem was stoked by the severe market downturn: According to a 2013 Morningstar report, the funded ratio of Ohio's state-administered pension plans between fiscal years 2008 and 2012 decreased from 96.1

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Election Information

PERI is governed by a representative body called: The Board of Trustees. The Board of Trustees is comprised of five (5) Officers and eleven (11) District Representatives.

District Representatives are up for election in their districts every other year for terms of two years, for a maximum of 3 terms.

All Officers, except for the Secretary/Treasurer, are up for election every year for 1 year terms, for a maximum of 3 terms in each office. The Secretary/Treasurer is up for election every two years for terms of two years, and a maximum of two terms. Officers are elected by a majority of all voting members.

The position of Secretary/Treasurer is up for election in 2015. It takes considerable experience to fill these positions and consequently most positions are rarely contested. Please review and mark whether or not you are for or against each of the candidates. Once completed, insert your ballot into the enclosed envelope and mail.

In order for a ballot to count, it must be received at the Corporation's main office prior to 5 P.M. September 18.



Please...Use the ballot envelope to send ballots only...DO NOT include your annual meeting reservation, or any other information in the ballot envelope.



FOR THE OFFICE OF CHAIRPERSON



Beverly (Bev) Calvert

Bev Calvert is a Lifetime member of PERI and was a member and officer in the Washington county chapter. In 2002 she was elected District 8 Representative and served in that position through 2005. Bev was elected 3rd Vice-President for 2006; 2nd Vice-President for 2007; 1st Vice-Chair for 2008, 2009, and 2010; Vice-Chair for 2011, 2012, and 2013; and Board Chair for 2014 and 2015.

Bev began her public employment, as a secretary to the ODOT Design Engineer, moved up to Administrative Assistant, and eventually became the Equal Employment Coordinator for the Ohio Department of Transportation.

Under her guidance the District excelled in time spent in chapter officer trainings, improved meetings, and membership participation. As a PERI Board member, she has served on the Legislative, Chapter-Growth and Education, Constitution, and Audit Committees; and has also chaired the Legislative, Audit, Trustee Education, and Constitution Review Committees.

FOR THE OFFICE OF VICE-CHAIRPERSON



Franklin Thomas

Franklin, a native of Geauga County, received his engineering degree from Case Western University. He retired in 2003 after 32 years on the staff of the Stark County Engineer's office as a civil engineer.

Franklin and his wife of 51 years, Diane, relocated to Butler County, where Franklin joined PERI and the local PERI chapter. He served as Treasurer and President of the Butler County Chapter.

During the years 2008-2013, Mr. Thomas was first appointed, and then elected, by the members to the position of District 4 Representative. He was elected by the state membership to the position of 2nd Vice-Chair in 2014, and was first appointed, then elected to the position of Vice-chair in 2015.

As a member of the Board, Franklin has served on the Education, Legislative, Constitution, Finance, and Audit Committees; and has served as the chair of the Continuing Education Committee.

**FOR THE OFFICE OF  
1ST VICE-CHAIR**



**John E. Haught**

John Haught is a graduate of Lake Erie College and received his Masters in Education from Cleveland State. He was a teacher for 5 years, Principle for 9 years, and retired after 28 years from Lake Metroparks as a park ranger.

Upon retirement, John became a lifetime member of PERI and joined the Lake County Chapter where he served two years as treasurer before becoming their legislative officer. In 2011 he was first appointed, and twice elected to fill the position of District 11 representative. He was appointed in 2014 to fill the unexpired term of the 2nd Vice-Chair, the position he currently holds.

Mr. Haught has served on the Chapter Bylaws, Chapter Growth and Education, Legislative, Finance, and Trustee Education committees. He is the current chair of the Audit Committee.

John and his wife, Margie, who reside in Painesville, have two married daughters and three grandchildren.

**FOR THE OFFICE OF 2ND VICE-CHAIR**



**Marlene Bond**

Marlene is a retired Township Trustee, member and treasurer of Londonderry United Methodist Church, President of the Board of Trustees of the Guernsey County Senior Center, where she also served as treasurer, and a member of the Cambridge Area Chamber of Commerce.

Ms. Bond is a graduate of Belmont Technical College with an associate degree in business management. She also holds professional licenses as a Funeral Director, Real Estate Broker; and in Property, Casualty, Life and Health Insurance.

Marlene is a member of PERI Chapter 78, Guernsey County, and was elected as District 9 Representative in 2005-2011. In 2011, she was first appointed, and then elected state treasurer for the second of her two year terms.

As a member of the Board, Marlene has served on the Constitution, Education, Chapter By-Laws, and Audit committees, and has been the Chair of the Finance committee for the past four years.



**Merlin "Boots" Sheets**

Boots Sheets served 8 years as a Delaware County Commissioner, and 8 years as a Brown Township Trustee. He is a past member of the Brown Township Zoning Board. Currently, Boots is on the Delaware County Fair Board, Delaware Area Transit Board, and is a member of the Ohio Public Works Commission. In addition he is a former Scout Master, and 4-H Leader.

In 2009, Merlin "Boots" Sheets was appointed to fill the unexpired term of the District 6 Representative, who had moved out of the district. Mr. Sheet was elected to that position in 2011, 2013, and 2015.

During his tenure as a member of the board, Boots has served on the Constitution, Audit, Legislative, Finance, and Audit Committees, and as Vice-Chair of Trustee Education, and Chair of the Assistant Administrator Search Committee.

Boots and his wife, Marlene, live on their century farm near Sunbury, Ohio.

**FOR THE OFFICE OF  
TREASURER**



**Thomas J. George**

Tom George is a graduate of the Ohio State University. His public service includes: four terms as Ward 2 representative, Lakewood City Councilman 1988-2003, Chief Executive 2003, and Lakewood Mayor from 2004-2008. Other credits include Board of Elections, and Deputy Director of the AG's office in Cleveland.

Mr. George was Chairman of the Lakewood City Council Finance Committee for 12 years overseeing a budget of \$111 million dollars, and 535 full time employees represented by seven bargaining units. In addition to his knowledge of finances he has extensive management and planning skills.

In 2011, Tom was elected to the position of PERI District 10 Representative, a position he holds to this day. During his tenure on the board he has served on the Legislative, Continuing Education, and Chapter Evaluation Committees. He has also served on, and as the co-chair, of the Finance, Audit, and Assistant Administrator Search Committees.



# Chapter Round-up



District 2 annual meeting was held on June 18th by Allen County chapter at the Eagles lodge in Lima, Ohio. The main speaker was Laura Herr OPERS educator. There were 250 attendees at the district lunch meeting.



District 8 Representative, Richard Ross addressed the 127 PERI members and guests at the District 8 meeting in Zanesville on June 4. Other speakers were OPERS board member Steve Toth, personnel from OPERS about the health changes and State Senator Troy Balderson.

Hancock County PERI Chapter 54 discussing changes to OPERS Health Care coverage. Left to right, Vice President Fred Nye, Treasurer Caroline Motter, Secretary RuthAnn Naile, President Judy Stalter.



The annual meeting of PERI District 5 was held April 30 in Bucyrus, Ohio with 127 members attending. Speaker David Painter, Community Liaison, OSHIIP, spoke briefly and focused on points which had been expressed as concerns.

Kathy Mischler of Medical Mutual spoke briefly of the services provided by Medical Mutual and gave an overview of services as they apply to any recipient. Susan Schoen of Humana OPERS Unit gave a brief overview, discussed some of the past, present and projected future services of Humana.



130 attendees attended PERI Chapter 28, Lake County's June luncheon and meeting in Wickliffe, Ohio. The program included the Lake County Council on Aging, and a very informative presentation on "Medicare 101 by OSHIIP" (The Ohio Senior Health Insurance Information Program). The various choices of Medicare were explained to the group.

Marcia Rice, Nominations Chair for election of District 5 Representative, presented nominations for 2016-2017. The members voted unanimously for Connie Dailey to the position. A small gift was given to Donna Smith, who coordinated the lunch.

# PERI's Organizational History

By

Terri Lee, Administrative Secretary  
(1994-2000)

## PERI's History Series Part 7: Annual Meetings

With the up-coming Annual meeting just around the corner, I thought that I would look at some of the past meetings.

Our first recorded minutes were February 19, 1969. At that meeting, a slate of officers was presented by the nominating committee and the first Chairman Bertha Hill. The other officers of the Ohio State Retirees Association were named as well. These individuals served until the next election of officers on March 18, 1970. In January 1971, the suggestion was made to have an annual banquet in May to elect officers, however, in the March meeting it was determined that it should occur in September. Thus the plans were set for the first Annual meeting.

The minutes of that Meeting begin, "September 16, 1971 was a day to be long remembered by the gathering of Public Employee Retirees, Inc., which held their first annual banquet in the ballroom of the Southern Hotel with about 25 members present besides our guests." The main speaker was Mr. Fred Schneider, head of PERS. He spoke about the retirement system and its history. When it started in 1937, there were about 289 retirees. In 1971, there were about 40,000. There was a question and answer period and Mr. Schneider pledged his cooperation with the organization. Mr. William Cory, State-Auditor Joseph Ferguson, and Judge Bryant gave short talks. At the end of the meeting, the assembly stood for a moment of silent prayer in memory of Hobart Scott, founder of the Public Employees League of Ohio.

The next Annual Banquet was September 20, 1972. In the copy of the program, it is noted that in addition to speeches by members of PERI, the featured speaker was Dr. Arthur Flemming, Chairman of the White House Conference on Aging. It was interesting to note that the attendance had

grown to 368. The minutes of this meeting mentioned media coverage due to the main speaker.

The Annual Luncheon in 1973 featured Robert L. Fleming, President of Ohio Retired Teachers Association. Amendments to the PERI constitution were voted on at that meeting.

In 1974, Dr. Floyd Faust spoke and the first chapters gave reports. In the years to follow, speakers included Dorothy Teater from the Department of Community Services; Father Richard J. Connelly; Bill Pepper, Senior Life reporter - WBNS TV; the Vice President of Landmark, Inc.; and associate professors from Capital University and Ohio State University. Mr. William B. Saxbe, Vern Riffe and Jo Ann Davidson, all Speakers of the Ohio House of Representatives have addressed the group, as well as US Congressman, Robert T. Secrest and Ohio State Representative, Dale VanVyven. PERI members have heard from a scientist, a humorist, a historian and a health care official.

PERS has been an informative part of the Annual meeting. For many years, the Executive Director and the Investment Director have spoken to the assembly. PERI Board members have kept the group informed all along about the organization's growth and operations.

In reviewing the reports of these past Annual Meetings, it seems that they have been informative and entertaining times. They have played an important role in the success of PERI.

**FOR INFORMATION  
ON A CHAPTER  
IN YOUR AREA,  
PLEASE CHECK  
OUR WEBSITE**

[www.operi.org](http://www.operi.org)

## OPERS RESPONDS

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percent to 77.2 percent. The funds were slow to adopt recommendations the Ohio Retirement Study Council had been making for well over a decade, including tweaks to contributions, cost-of-living adjustments and retirement ages. Even then, they did so sometimes in stages, and grudgingly. The outlook now is better, but no one should get complacent just because the last couple of years have been good on Wall Street.

The Ohio Retirement Study Council's latest data puts the combined unfunded liabilities of the state pension funds for fiscal 2013 at about \$59 million. Among the individual funds, the largest, the Ohio Public Employees Retirement System (OPERS), has the highest funding ratio, at 82.4 percent.

It has had the highest ratio for each of the past five years. The other systems all have ratios of between 65 percent and 70 percent.

Pew Charitable Trusts, which reports on public-pension funding across the United States, does not include Ohio Police & Fire or SERS in its analysis, but has seen some similar improvements in Ohio's other three pension funds. It is tricky to compare Ohio with other states, as each has unique circumstances as to benefits and contributions. In Ohio, unlike most other states, for example, public employees do not pay into Social Security. In Pew's analysis for fiscal year 2013, these plans had an average funded ratio of about 74 percent, an improvement over the 67 percent ratio in fiscal 2012. This moved Ohio up from 25th highest to 21st highest among the states for its funding ratio.

This doesn't mean that danger doesn't remain or that future changes won't be needed to keep the funds on track.

Pension representatives also argue that taxpayers are not on the hook in the worst-case scenario of a pension system failing, as Ohio law puts that responsibility with the systems themselves.

This article prompted the following response from Ms. Karen Carraher, Executive Director of OPERS:

I would like to respond to misconceptions in your July 1 editorial titled, "Pensions edging up."

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The Ohio Public Employees Retirement System is pleased to partner with PERI and provide news and updates concerning OPERS health care coverage within your PERI Newsletter. If you have questions or need further information, please contact OPERS at 1-800-222-7377.

## OPERS health care open enrollment 2016

With the implementation of the OPERS Medicare Connector in January 2016, OPERS health care open enrollment will be different this year. Printed materials, decision points and deadlines will differ depending on a retiree's Medicare status. More detail will be provided within the 2016 Health Care Open Enrollment Bulletin which will be mailed to all participants in early August.

### Retirees enrolled in Medicare Parts A and B

Between October and December of this year, OPERS retirees enrolled in both Medicare Parts A and B will select an individual Medicare plan and prescription drug plan using the OPERS Medicare Connector. The new plan will be effective Jan. 1, 2016.

- Eligible retirees will enroll in a medical/prescription drug plan using OneExchange. Dental and vision coverage will still be offered through OPERS. Open enrollment material from OPERS for Medicare Part A and B participants will reflect dental and vision coverage choices only.
- In addition to dental and vision information, the 2016 open enrollment cost statement will provide the monthly Health Reimbursement Arrangement (HRA) deposit amount for the retiree and any eligible spouse and/or dependent.
- OneExchange will begin sending enrollment materials to eligible retirees in July. Please read these materials carefully and follow the instructions for scheduling your enrollment call and creating a personal profile. You can create an online profile or a written one using your OneExchange Getting Started Guide.
- Education sessions featuring representatives from both OPERS and OneExchange will be held in August and September. You can see the full list of dates and locations and registration information by visiting the OPERS retiree education page at [www.opers.org/retirees/seminars](http://www.opers.org/retirees/seminars). Please register now - these seminars are filling up fast! Please keep in mind that you not enroll at these seminars and attendance is not required.
- In order to make the transition to the OPERS Medicare Connector flow more smoothly, OPERS will furnish enrolled retirees with an additional \$300 deposit to their Health Reimbursement Arrangement (HRA) once annually for the next three years. The additional deposit means that retired OPERS members participating in the Connector will have more money in their accounts to cover out-of-pocket expenses that they'll incur as they transition to their new health care plans and as new reimbursement arrangements are established.

### Retirees not yet eligible for Medicare

Between Oct. 1 and Oct. 31, OPERS will conduct open enrollment for the OPERS health care plan for retirees and spouses under age 65. Participants will receive an open enrollment cost statement and guidebook in early September. This packet will outline medical, dental and vision coverage changes and options for 2016.

- Retirees under age 65 will receive a 2016 open enrollment packet from OPERS in early September. Participants will need to notify OPERS of any changes prior to Oct. 31 using the procedures outlined within the packet. Changes will become effective Jan. 1, 2016.
- Education sessions featuring representatives from both OPERS and plan administrators will be held in October. These sessions will only address medical plan information for non-Medicare participants. You can see the full list of dates and locations and registration information in August when you receive the 2016 Health Care Open Enrollment Bulletin.
- Participants in the OPERS health care plan for retirees under 65 will face some increased costs in 2016 as the system adjusts to pending federal rule changes. Medical-plan deductibles, out-of-pocket costs and copays will rise, as will deductibles for and the cost of many pharmaceutical products.
- To reduce the impact of the cost increases, OPERS is providing a partial premium reduction over the next three years to help retirees enrolled in our Medical Mutual plan adjust to higher costs. This reduction does not apply to spouses, surviving spouses, dependents or re-employed retirees.

### Families consisting of both Medicare and non-Medicare OPERS plan participants

Households featuring both Medicare and non-Medicare OPERS plan participants will receive all enrollment information from OneExchange and all non-Medicare enrollment information from OPERS. Each participant will need to read the information which applies to them carefully and follow the enrollment instructions provided. Retirees and/or spouses wishing to attend an education session will get the most benefit from attending the session geared toward the medical plan in which they will participate in 2016. This means retirees and spouses may need to attend different sessions.

### Re-employed retirees, retirees without premium-free Medicare Part A, surviving spouses and other Ohio retirement system spouses

Enrollment instructions and messaging for the above named groups may be different from past years and may differ from the rest of the retiree population for 2016. These differences will be outlined in the 2016 Health Care Open Enrollment Bulletin and the 2016 open enrollment packet. Retirees falling into these categories need to read these materials carefully and be certain to follow the instructions for making coverage selections for 2016.



# Legislative Report

Continued from page 1

process of sponsor testimony wherein the issue is explained and then followed by hearings in which proponents and then opponents are given the opportunity to testify.

The budget bill, which became effective upon the Governor signing it on June 30, (with certain provisions having different effective dates) does contain some minor provisions that effect OPERS and the other systems.

Two minor provisions were added by the Senate that directly affect OPERS. One eliminates the current law requirement that each retirement system annually submit to the Ohio Retirement Study Council two reports related to securities transactions and asset management. The other limits the percentage of an alternative retirement program (ARP) participant's compensation (the mitigating rate) that must be paid by a public institution of higher education to mitigate any financial impact of the ARP on the system. OPERS, STRS, and SERS are affected. For OPERS, the provision freezes the rate at .77% of compensation—this is the current rate. OPERS had scheduled to increase the rate in small increments over the next three years.

Another amendment that has an indirect impact on OPERS raises the compensation for township trustees. Township trustees are paid an amount for each day of service, based on the monetary size of the township's budget. The bill increases the compensation of township trustees by 5% in calendar year 2016 and by 5% in calendar year 2017. As you may recall, S. B. No. 343 increased the amount a member must earn to receive full service credit. Prior to S. B. No. 343, a member received a month's credit for each month in which the member earned \$250 or more. Effective January 1, 2014, the act increased the required earnings for a full month's credit to \$600 per month.

In addition, for service after that date the required earnings will increase by the same percentage as any increase in compensation Ohio law specifies for township trustees. Thus, the minimum amount of compensation for full service credit will increase by the same percentage that the compensation is to be increased.

In addition, the bill contains an Ohio Income Tax provision that applies a means test to the retirement income credit, the lump sum retirement credit, the lump-sum distribution credit, and the senior citizen credit. For taxable years beginning in 2015 and thereafter, only taxpayers with Ohio taxable income of less than \$100,000 would be eligible for the credits. The provision also clarifies that the lump-sum retirement credit and the lump-sum distribution credit may be claimed in lieu of, and not in addition to, the retirement income credit and the senior citizen credit, respectively.

In addition to the budget bill, another bill, H. B. No. 257, which we will be monitoring, has recently been introduced. The bill contains a provision that modifies current law governing the re-employment of retirees. It should be noted that it does not affect current retirees. If enacted, future re-employed retirees will not be considered to be members of OPERS. They will forfeit the pension portion of the retirement allowance when the re-employment commences and this forfeiture will end when the employment ceases. The annuity portion of the retirement allowance will be suspended when the re-employment begins and will accumulate to the credit of the retiree; it is then to be used in a recalculation of the retirement allowance after employment ends. The proposal also provides that neither the retiree nor the retiree's employer is to contribute to OPERS on the retiree's behalf.

The State Treasurer met with the OPERS board in mid-June to encourage OPERS to put its finances online pursuant to his OhioCheckbook.com initiative. The purpose of the initiative is to provide greater

transparency. The initiative is a voluntary program and the Treasurer states that some 480 governmental entities across the state have expressed interest. The website lists participating agencies, elected officials, boards and commissions, and other political subdivisions, and presents financial information about the entity. The information is displayed in pie charts showing the expenditures of the agency.

Another proposal with the goal of government transparency is H. B. No. 130. The bill attempts to increase government transparency by requiring public information across the state to be written in a common language to allow for easy comparison of public data because information would be presented similarly at all levels of government. To that end, the bill would (1) specify requirements for posting public records online; (2) require the Auditor of State to adopt rules regarding a uniform accounting system for public offices; (3) establish an online catalog of public data at [www.data.Ohio.gov](http://www.data.Ohio.gov); and establish the local government information exchange grant program. PERI is monitoring this bill.

Another bill that we have been monitoring is H. B. No. 56. Although it does not affect retirees, it may be of interest to those who have served as a public employee. The bill would prohibit public employers from including on an employment application any question concerning whether an applicant has been convicted of a felony and prohibits a felony conviction from being used against an officer or employee in certain circumstances. In sponsor testimony, Rep. Kirk Schuring stated that the main purpose of the bill is to ensure that ex-offenders are able to better assimilate into society and are not immediately disqualified from a position they are otherwise capable of fulfilling. It should be noted that those with felony convictions are prohibited by statute from certain professions.

## OPERS RESPONDS

continued from page 7

The editorial suggests that Ohio's pension systems dragged their feet before needed reforms were passed by the Ohio General Assembly in 2012. That is not true.

OPERS drove its own changes by working closely with the Ohio Retirement Study Council (ORSC) and the Ohio legislature. The ORSC did not make any recommendations for OPERS that were ignored or delayed. Thanks to their support, significant improvements have already been realized despite being in place for only three years. Our asset levels are at an all-time high of \$91.2 billion due, in part, to the changes.

The truth is that pension system performance needs to be measured over decades, not short periods of time.

The amortization period is the time in which we're required to be able to pay off our unfunded liabilities. By state law, public pension systems have to be able to pay off these liabilities within 30 years. If they can't, they need to come up with a plan to do so. Our amortization period has never gone beyond 30 years since this requirement has been in existence and it currently stands at an impressive 21 years.

The "funded ratio" is a comparison of our assets to our liabilities. While full funding is an ideal situation, it's not accurate to say a system is struggling simply because it is not fully funded.

Funding is similar to a mortgage. The bank doesn't expect you to have all of the money available to pay off that loan at once. Most people have 30 years to pay their mortgage. Likewise, it is illogical to assume a pension system should have cash on hand to pay off liabilities all at once. We are 100 percent funded for our retirees and are working on funding the future pensions of active members.

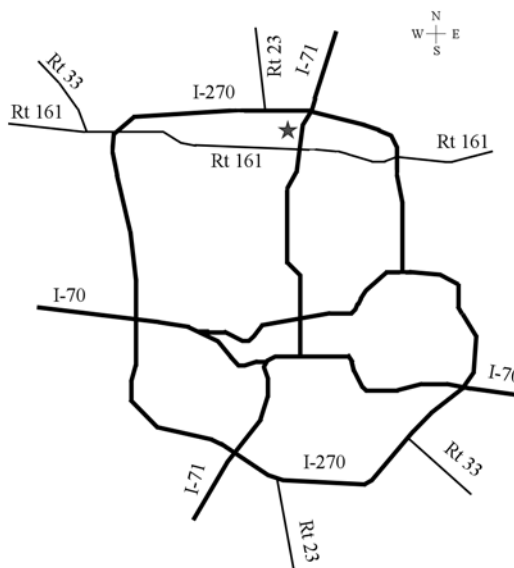
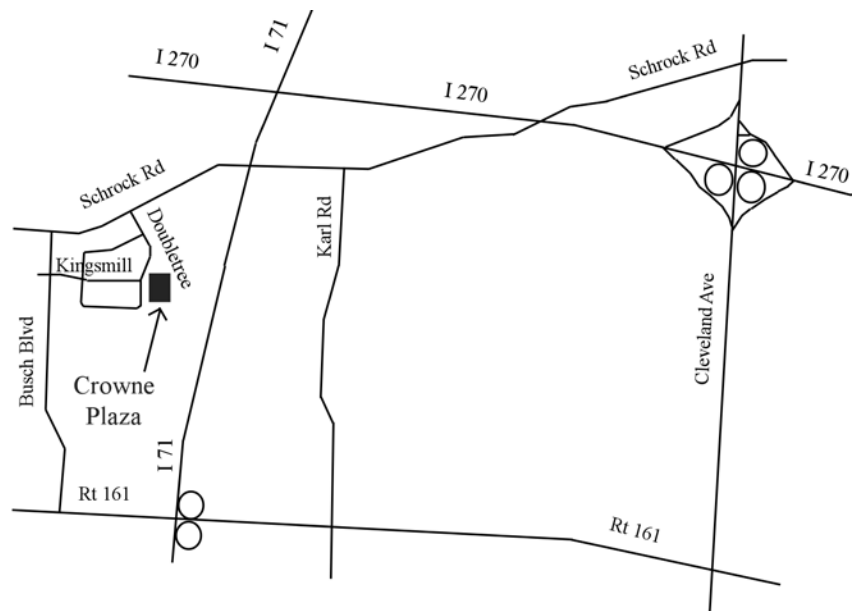
The Great Recession certainly took a toll on our funded ratio. Our funded ratio dropped to 75 percent in 2008 and we've trended upward since then, to our current funded ratio of 84 percent. That's a significant improvement.

Our system is strong – not only for our members but for all Ohioans who enjoy the \$6.6 billion annual economic boost we provide. We take our fiduciary responsibility seriously, and want to provide this information for your readers.

## PERI ANNUAL 2015 MEETING MAP

Crowne Plaza Hotel

6500 Doubletree Avenue • Columbus, Ohio 43229 • (614) 885-1885



### **From I-270:**

Exit onto Cleveland Ave North.

Go to the first intersection and turn left (west) onto Schrock Rd.

Follow Schrock Road for 2-1/4 miles to Busch Blvd.

Turn left onto Busch Blvd.

Turn left at first traffic light onto Kingsmill Pkwy which will deadend at Crowne Plaza Hotel.

### **From I-71:**

Exit onto Route 161 and head west.

Turn right onto Busch Blvd.

Turn right at third traffic light onto Kingsmill Pkwy which will deadend at Crowne Plaza Hotel.

# PERI 2015 Annual Meeting

## Monday, September 28

Crowne Plaza Hotel • 6500 Doubletree Avenue • Columbus, Ohio 43229

Registration will be from 9 to 9:45 a.m. The business meeting will start at 10 a.m.

The PERI Annual Meeting will again be at the Crowne Plaza in North East Columbus. The Crowne Plaza offers nearness to a freeway exit, ease of parking without fees, covered drop off and entry, spaciousness, cleanliness, sufficient number of bathrooms, and quality food service.

We are limited to 550 attendees so early registration would be wise.

Before and after the business meeting, we will have representatives from OPERS, Medical Mutual, Humana, Express Scripts, Social Security, Ohio Department of Aging, Deferred Comp and the Ohio Department of Insurance located at service tables to answer your questions. Lunch will be served after the business meeting. The entree choices this year are Roasted Loin of Pork, Thanksgiving Dinner or Vegetarian Pasta Primavera. Each entree is served

with a fresh garden salad, appropriate side dish and dessert.

Registration will be from 9 to 9:45 a.m. Coffee, tea, and a pastry will be available during that time.

The business meeting will start at 10 a.m. and will feature reports from the PERI Administrator, Secretary/Treasurer, Legislative Counsel, and Chairman of the Board of Trustees. The Administrator will announce the new Board of Trustee members for the remainder of 2015 through the Annual Meeting in 2016.

Our keynote speaker will be Ms. Karen Carraher, Executive Director of OPERS, who will ask various members of her board and staff to extend their greetings and bring us up to date on important issues.

Come with great expectations for a rewarding time of learning, sharing, ideas, and fellowship with OPERS retirees from around the state.

### *Roasted Loin of Pork*

*- slow roasted herb crusted pork loin with a raspberry barbeque sauce*

### *Thanksgiving Dinner*

*- slow roasted turkey with fresh cranberries, herb stuffing, mashed potatoes and gravy*

### *Vegetarian Pasta Primavera*

*- served with fresh zucchini, yellow squash, carrots and broccoli with a classic alfredo sauce*

*Entrees are served with a fresh garden salad, side dish and dessert.*

**THE ANNUAL MEETING IS THE 4TH MONDAY OF THE MONTH - SEPTEMBER 28 - PLEASE MARK YOUR CALENDAR!**

**Registration: \$25 per person**  
**Registration deadline:**  
**Friday, Sept 11, 2015**

Make check payable to PERI and mail with registration form to:

**PERI**  
**Attn: Annual Meeting**  
**659-F Park Meadow Road**  
**Westerville, OH 43081**

*PLEASE NOTE THAT REGISTRATION AT THE DOOR IS NOT AVAILABLE*

*PLEASE DO NOT SEND YOUR RESERVATIONS IN THE BALLOT ENVELOPE. THE BALLOTS ARE NOT OPENED UNTIL SHORTLY BEFORE THE MEETING, AND THERE WILL BE NO TIME TO PROCESS YOUR REGISTRATION.*

*If you are making reservations for more than one person, please list each person's name separately, along with their meal choice. You can copy this form as needed, or list additional names on a separate piece of paper.*

*If you want confirmation of your reservation, send request by email to: [laurie@operi.org](mailto:laurie@operi.org)*

### **Registration Form for the PERI 2015 Annual Meeting**

\_\_\_\_\_  
LAST Name      FIRST Name      M.I.      Pork - Turkey - Vegetarian  
(Circle meal choice)

\_\_\_\_\_  
LAST Name      FIRST Name      M.I.      Pork - Turkey - Vegetarian  
(Circle meal choice)

\_\_\_\_\_  
Phone Number      Your County Name

# of Registrations: \_\_\_\_\_ x \$25.00 = \$ \_\_\_\_\_      Check #: \_\_\_\_\_

If you want to be seated with another attendee who is not listed on the this registration form, please note who, and we will do our best to accommodate you.



## **PUBLIC EMPLOYEE RETIREES, INC.**

659-F Park Meadow Road Westerville, Ohio 43081-2879

(614) 891-6868 • (800) 247-7374 • Fax (614) 891-8887

Email: office@operi.org • Web site: www.operi.org

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Chairman  
(740) 373-4917  
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**District 4**  
Position Vacant



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Vice-Chair  
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tamas33@yahoo.com



**Connie Dailey**  
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**Dot Silver**  
1st Vice-Chair  
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**Merlin "Boots" Sheets**  
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(740) 524-4684



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powell.peri@gmail.com

## **PERI Staff / Advisors**

**William Winegarner**  
Administrator

**Laurie Frithiof**  
Administrative Secretary

**Nancy Heath**  
Bookkeeper / Newsletter Layout

**John Gilchrist**  
Legislative Counsel

### District 1 Counties:

Defiance, Fulton, Henry, Lucas,  
Ottawa, Sandusky, Williams, Wood

### District 2 Counties:

Allen, Auglaize, Hardin, Mercer,  
Paulding, Putnam, Shelby, Van Wert

### District 3 Counties:

Champaign, Clark, Darke, Greene,  
Logan, Miami, Montgomery, Preble

### District 4 Counties:

Adams, Brown, Butler, Clermont,  
Clinton, Hamilton, Highland, Warren

### District 5 Counties:

Crawford, Hancock, Knox, Marion,  
Morrow, Richland, Seneca, Wyandot

### District 6 Counties:

Delaware, Fairfield, Fayette, Franklin,  
Licking, Madison, Pickaway, Union

### District 7 Counties:

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### District 8 Counties:

Athens, Hocking, Monroe, Morgan,  
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### District 9 Counties:

Belmont, Carroll, Coshocton, Guernsey,  
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### District 10 Counties:

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Lorain, Medina, Summit, Wayne

### District 11 Counties:

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Mahoning, Portage, Stark, Trumbull