

## **OP&F Pension Fund Report, January 2016**

**The Fund closed at \$12.9 Billion on January 19, 2016.**

OP&F Fund Director John Gallagher spoke of the effect on the Fund's value as it relates to the recent downturn in the stock market. He also reminded those in attendance about the upcoming board retreat at The Blackwell at OSU to be held on March 3-4. Interested parties are welcome to attend.

### **DISABILITY COMMITTEE**

- The Committee was informed that all earnings statements for 2014 have been received and any benefit suspensions that had begun were now reinstated.
- There were 15 Initial Determination Hearings (IDH) this month. The recommendations were 12 for approval and 3 were denied.
- There were 2 reconsideration hearings. One resulted in an increase while the other remained the same.
- There were 3 Death Benefit Fund consideration hearings this month. The recommendation was approval for all three.

### **BENEFITS COMMITTEE**

- Staff presented the DROP Experience Report for the 4<sup>th</sup> Quarter 2016. The report showed that 90% of those eligible for DROP are participating. There were 3,917 DROP participants at year's end with the breakdown as follows:

• Less than 3 years in DROP	1,974
• 3-3.99 years in DROP	522
• 4-4.99 years in DROP	483
• 5-5.99 years in DROP	412
• 6-6.99 years in DROP	298
• 7-8 years in DROP	228

The average number of years in DROP for all active participants is 3.51 years.

The average number of years for those terminating DROP is 5.55 years.

The committee and the remaining board proposed discussing at a later date methods to increase the average years in DROP participation.

➤ Staff reported that the following rules were reviewed as part of the 5-year rule review requirement:

- 742-3-17 Withdrawal of retirement application
- 742-4-04 Military service credit
- 742-5-05 Merchant marine service
- 742-8-07 Penalties and interest under section 742.352 of the ORC
- 742-9-12 Employer's compliance
- 742-9-14 Reliance on records for purposes of determining taxability.
- 742-21-03 Administration of Method of Payment section of approved Division of Property Order format
- Minor changes were made to rules 742-3-17 and 742-8-07 and no changes proposed for the remaining rules.
- Additionally, changes were proposed and approved for rule 742-3-05 Disability benefits procedures, due to a recent mandamus from the court.

➤ In open discussion a member of the committee spoke about the current benchmark calculation and anti-spiking policy. Staff was asked to look at recent retirements to see if any member was affected by the current policies in place.

## **HEALTH CARE COMMITTEE**

- Staff reported to the committee that Gabriel Roeder Smith & Company has been selected as a health care consultant for the Fund. The company will make their first appearance at the board's retreat in March (specific date and time yet to be determined).
- In open discussion, Trustee Deighton requested the staff to examine the impact of a one-time open enrollment for health care

- for those members who have been excluded for various reasons and do not currently have health care coverage through the Fund.
- Trustee Deighton also requested that the staff and the newly hired consultant re-examine the benefits of indexing for members enrolled in health care and the effect of DROP participation on the costs within the health care stabilization fund.

## **COMMENTARY**

The one-time open enrollment for health care is a topic that is frequently brought up by the PFRO. There are a few members who have “fallen through the cracks” for one reason or another and deserve an opportunity to rejoin the fund’s health care plan. Although challenging, it is hoped that the fund’s staff can gather any necessary data to institute the open enrollment at the beginning of 2017, if this is ultimately approved by the board.

The next board meeting is scheduled for February 23-24.

The board retreat is scheduled for March 3-4 at the Blackwell at OSU. Members are welcome to attend.

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