BOARD APPROVES PLAN TO MEET STATE FUNDING MEASUREMENT

The Ohio Police & Fire Pension Fund Board of Trustees approved a new funding plan on Dec. 18 which will be forwarded to legislators for consideration next month. The recommendations included in the plan range from a lower cost-of-living allowance (COLA) for those receiving OP&F benefits to more contributions from active and future police officers and firefighters.

OP&F is scheduled to submit the plan to the Ohio Retirement Study Council by Jan. 17 with a presentation slated for the council’s February meeting.

“We recognize our obligation to develop a plan to bring OP&F into compliance with the state’s 30-year funding requirement,” said OP&F Executive Director John Gallagher. “The Board has been working on that plan since November, considering every aspect of our funding. We will present the plan to the Ohio Retirement Study Council (ORSC) within the required time frame as mandated by state law.”

The Board also recommended that the contribution rate for police and fire employers be equalized. Currently, employers pay 19.5 percent of a police officer salary to OP&F while firefighter employers pay 24 percent. Equalizing the amount would not provide additional funding to OP&F but would allow employers to pay the same amount to help fund a public safety officer’s pension.

With the exception of health care funding, each element of the funding plan would require legislative action before being implemented.

Pension reform legislation passed in 2012 that went into effect in July 2013 resulted in a significant improvement in the system’s long-term funding picture. Without any additional changes, OP&F’s funding period is expected to improve with the addition of unrealized investment gains and the continued affects of Senate Bill 340.

Even without the changes just approved, OP&F is financially secure and is able to pay all benefit obligations well into the future. The changes made during the Board’s December meeting were required to meet a state-mandated funding measurement.

ELEMENTS OF THE PROPOSED PLAN INCLUDE

- Reducing COLA increases from 3.0 percent to 2.25 percent for OP&F benefit recipients and granting authority to the OP&F Board to set the COLA amount in order to comply with the 30-year funding requirement;
- Increasing the active member contribution rate to 12.25 percent one year earlier than scheduled (From July 1, 2015 to July 1, 2014);
- Setting the active member contribution rate at 13.0 percent for new hires to OP&F; and
- Reducing the funding amount earmarked for the retiree health care program (from 2.85 percent to 0.5 percent of the employer contribution amount).
Dear Members,

We have reported on either the status or impact of pension reform legislation in nearly every edition of the Member’s Report for the past three years. Now that Senate Bill 340 has been implemented we begin to have a clearer picture about our long-term funding – what has been accomplished and what work still needs to be done.

Today, OP&F’s funding picture is stronger and more secure than it has been in many years. On the downside, since we still are outside the 30-year funding requirement the Board of Trustees must submit a plan on how to get there. Trustees have been examining this topic since October and will be presenting a new funding plan to the Ohio Retirement Study Council this month. Our story on Page 1 outlines this plan.

The changes implemented last summer began in 2011, when the Board proposed funding recommendations to bring OP&F into compliance. If those recommendations had been enacted when they were proposed, OP&F’s funding status would be even better than it is today. However, the legislative process is slow. These recommendations took another 18 months to be passed by the Ohio General Assembly and an additional nine months before implementation in July 2012. During this time unfunded liabilities continued to grow and the gap to comply with the state’s funding requirement widened.

As we learned during the process of enacting Senate Bill 340, approving a funding plan does not mean the recommended changes are imminent. It does mean that the Board has approved a plan to reach the required funding level. The next step would require action by the Ohio legislature in the form of a new bill. At this time we do not have a clear sign whether lawmakers are interested in passing more pension reform laws.

OP&F has enjoyed strong investment returns in both 2012 and 2013. These returns, combined with the changes already implemented from pension reform should mean more improvement in our funding period when our annual calculations are reported in October. While we are moving in the right direction, the progress is not likely enough for us to reach the 30-year funding level in 2014 (this requirement means OP&F must be able to pay off all pension obligations within a 30-year period).

I realize that it seems as though the work and sacrifice to reach this funding requirement is never ending. On behalf of the Board of Trustees, I continue to ask for and appreciate your patience as we balance our responsibilities to you, our active and retired members, along with future generations of police officers and firefighters.

Sincerely,

John J. Gallagher, Jr.
The combined effects of pension reform legislation and positive investment performance resulted in a tremendous improvement in OP&F’s long-term funding status, according to the annual actuarial valuation presented to the Board of Trustees on Oct. 22, 2013.

The valuation, which measures OP&F’s assets and liabilities as of Jan. 1, 2013, indicated a funding period of 47 years. In recent years the OP&F funding period was categorized as infinity, meaning that the unfunded liabilities could not be paid down with the funding that was available.

While OP&F’s long-term funding progress is substantial, it still falls short of what is required. State law requires that public pension systems meet a 30-year funding requirement. If a system does not meet this requirement it must submit a plan demonstrating how it will reach this threshold.

OP&F MEMBERS WILL CHOOSE ACTIVE FIRE REPRESENTATIVE IN 2014 ELECTION

The 2014 Trustee elections will elect one member to the OP&F Board of Trustees this spring. Active fire members of OP&F will elect a representative to serve a four year term that will commence June 2.

The active fire trustee position to be elected is currently held by David Witner (Cuyahoga Falls) who is eligible to run for reelection. The OP&F Board consists of six elected members, including two active firefighter representatives, two active police representatives, a retired police officer and a retired firefighter. Three additional members are also on the Board of Trustees, one appointed by the Governor, one appointed by the Treasurer of State and third appointed jointly by the Ohio Senate and House of Representatives.

INTERESTED IN RUNNING IN THE TRUSTEE ELECTIONS?

If you are an active firefighter and are interested in running for a position on the OP&F Board of Trustees, several items must be submitted and approved to become an eligible candidate.

Members interested are required to submit:

- A certificate of eligibility;
- Nominating petitions for the active fire position must be signed by at least 100 members belonging to their respective membership group. At least 20 of the signatures must be from residences in the same county and other signatures from at least five counties in Ohio;
- Candidates may have to file campaign expenditure disclosures with the Ohio Secretary of State.

Information on the availability of required forms and the deadlines for submission of materials will be available early in 2014. To be eligible, individuals must meet specific membership requirements and also must not have been convicted or plead guilty to a felony, certain theft offenses or ethics violations.

The elections will take place in May, with results to be announced at the Board of Trustee’s May meeting.
ROAD TO HEALTH & WELLNESS

THE TOP FIVE DIETING AND NUTRITION MYTHS
You’ve heard these “facts” about nutrition before. Like many people, you may believe they are true. Are they? Here’s the truth about five common nutrition myths.

**Myth 1: Excess protein is good for energy and muscle building.**
- The body uses protein as fuel only as a last resort. Most extra protein is stored as body fat. Most athletes don’t realize that they need plenty of carbohydrates to build muscle tissue.
- Eating some extra protein is necessary to build muscle mass, but only if you are also doing a lot of weight training at the same time. Even then, your increased needs can easily come from other foods.
- Too much protein can be hard on the kidneys. It also means you may not be getting enough healthy fat or wholesome carbohydrates.

**Myth 2: Eating eggs will raise your cholesterol.**
- This myth began because egg yolks do have a lot of cholesterol compared to other foods. However, studies suggest that eating one egg per day will not raise cholesterol levels.
- Eggs are actually a great source of nutrients.
- Most people don’t realize that the saturated fat content of a food raises cholesterol levels. Eggs have very low saturated fat content. Just don’t eat them with lots of cheese, butter or a side of bacon or sausage. Pair them with fresh fruit and whole-wheat toast and you’re good to go.

**Myth 3: All fats are bad.**
- We all need fat in our diets. Fats help us absorb certain nutrients. They make up an important part of every cell membrane in our body and help with proper nerve function, among other things.
- When we eat too much fat, it can lead to weight gain, heart disease and certain types of cancers.
- Some fats are good for us, but some increase our risks of heart disease, cancer and weight gain. The key is to replace bad fats (saturated, hydrogenated and trans) with good fats (monounsaturated and polyunsaturated).

**Myth 4: Avoid carbohydrates to lose weight.**
- It is important to limit the amount of carbohydrates in your diet that come from white flour and sugar. However, people who go to extremes to cut out the carbs are missing out on a very important food group that includes fruits, vegetables, beans and whole grains.
- Allow 45 percent to 50 percent of your diet to come from these healthy carb sources (half of those from veggies). Then fill in the rest with about 25 percent to 30 percent healthy fat and 15 percent to 20 percent lean protein.
- Severely limiting carbs will result in the loss of more muscle and water than fat. Balance is the key.

**Myth 5: To lose weight, follow a very low-calorie diet.**
- Many people think that eating less and/or skipping meals will make them lose weight. However, one of two things will happen. They will get so hungry that they’ll overeat later in the day – or they will eat too little.
- When you eat too little, your body thinks it’s in starvation mode. This slows down the rate at which you burn calories.
- At first you might see some weight loss. This is usually the loss of lean muscle tissue and water – along with just a little fat.
- When you gain the weight back, it will be all fat. A better approach is to eat smaller, more frequent, healthy meals and snacks to keep your blood sugar balanced.
- To lose one pound a week, try decreasing your total daily calories by just 500 a day. Eat every three to four hours. This will maximize fat loss and keep your metabolism operating at top speed.

Best bets? Olive, canola and flax oils; fatty fish like salmon and sardines; avocados; raw nuts and seeds; natural peanut butter and ground flax seed. Nutritionists recommend that 25 percent to 30 percent of a person’s diet comes from healthy fats.
CHANGES TO OPTUM PHARMACY BENEFITS IN 2014

OP&F has made changes to the pharmacy benefit plan that went into effect Jan. 1, 2014, and these additions are designed to help support overall health and wellness. Changes for 2014 include: notification and prior authorization; supply limits; and the Select Designated Pharmacy program.

Notification or Prior Authorization

Notification or prior authorization requires a doctor to tell UnitedHealthcare why the patient is taking a medication in order to determine if you will receive benefit coverage. This is based on uses listed in the U.S. Food and Drug Administration (FDA) approved medication labeling and other clinical criteria.

To Begin This Process

1. Ask your doctor to call UHC at the number on the back of your health plan identification card.
2. Once UHC reviews the information, a letter will be sent to the doctor and the member if the medication is covered under the pharmacy benefit.

Select Designated Pharmacy Program

Prescription drug costs are on the rise. Due to the high cost of some medications they are part of the Select Designated Pharmacy Program. Letters will be mailed to members when they first fill one of these medications in 2014.

If a member’s medications are part of this program, they must choose one of the options below to continue receiving pharmacy network benefits. If one of these options is not selected the member will be responsible for paying the full cost of the medication. Each of the options will be a cost savings on your prescription drugs.

• Option one: Fill current prescription through the mail-order pharmacy (Receive up to a three-month supply delivered to your home).
• Option two: Switch to a lower-cost option and fill at retail pharmacy. Some medicines treat the same condition, but cost much less. Ask a doctor which medication one will work best.
• Option three: To save even more money, do both. Use your plan’s mail service pharmacy and switch to a lower-cost drug.

Supply Limits

A supply limit is the largest quantity of medication covered per co-payment in a specified time period.

Supply limits for medications help address safety concerns and minimize waste by setting limits on the amount of medication that can be dispensed for one month and with one co-payment. These limits are carefully considered by the UHC National Pharmacy and Therapeutics Committee and are based on guidelines included in FDA labeling, dosing recommendations, medical literature and our claims data.

If a member’s current prescription is more than the supply limit they have the following options with their UHC benefit:

• Accept the supply limit (less medication than the prescription calls for)
• Either pay the full cost of the drug or an extra co-payment for the amount over the supply limit
• Talk to a doctor about medication alternatives
• Members can also request an override for the additional supply (when available)

Call UHC Customer Care toll-free at 888-496-3984 for questions about the pharmacy benefit plan including lower cost options and mail service. Also, visit myuhc.com, which includes all of a member’s UHC medical and pharmacy plan information. To see medication pricing, login and click on Manage my Prescriptions.
MEDICARE ENROLLMENT AT AGE 65 & WHAT TO EXPECT

Enrolling in Medicare when turning age 65 can be confusing. To help make sense out of the process, OP&F is providing a timeline of expected mailings along with answers to some questions you may have. For questions on the AARP Medicare supplemental enrollment process, please contact UHC at 1-888-832-0964.

1. SIX MONTHS PRIOR TO TURNING 65
UnitedHealthcare (UHC) will send you a birthday card that outlines the process for enrolling in Medicare and the Medicare supplement insurance plan through AARP. This is a courtesy to let you know what to expect in the next few months.

2. 90 DAYS PRIOR TO TURNING 65
UHC sends another letter explaining the process, along with the Member’s Guide to Health Care Coverage and paperwork to apply for the OP&F Medicare Part B reimbursement benefit.

The AARP Medicare Supplement Pre-Enrollment kit will also arrive in a separate mailing. This kit will include information about the AARP plan benefits that OP&F subsidizes (plans B, F and L) and premium information and an enrollment forms for these plans. This enrollment form must be received by AARP the month prior to the Medicare effective date to ensure enrollment without a lapse in coverage.

3. ONE MONTH BEFORE TURNING 65
The enrollment form included in the Pre-Enrollment kit must be received by AARP the month prior to the Medicare effective date to ensure enrollment without a lapse in coverage.

WHAT HAPPENS AFTER I SEND IN THE AARP APPLICATION FOR PLANS B, F, OR L?
Shortly after the return of the completed AARP Medicare Supplement application and it has been reviewed and processed, a welcome kit from AARP and new AARP identification card will be mailed. Members will need to show a Medicare card and AARP supplemental card for any medical appointments starting the month that Medicare becomes effective. Members will be notified by mail prior to any rate change to the AARP premiums.

IS MY MEDICARE ENROLLMENT AUTOMATIC?
If a member is already getting Social Security checks, they will be automatically enrolled in traditional Medicare. A Medicare card should be mailed three months before the person’s 65th birthday. The benefits kick in on the first day of the month of the person’s 65th birthday. Traditional Medicare (also called original Medicare) includes Medicare Parts A and B. Part A is hospital coverage. Part B covers doctor visits, lab tests, and other outpatient services.

IF YOU ARE NOT ALREADY GETTING SOCIAL SECURITY PAYMENTS, YOU HAVE TO ENROLL IN MEDICARE.
The Social Security Administration (SSA) handles the enrollment process for Medicare. Call SSA at (800) 772-1213, visit the website (www.ssa.gov), or apply at a local Social Security office. Apply three months before your 65th birthday to be sure your benefits start on time.

2014 BOARD OF TRUSTEE MEETING DATES

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2014 DIRECT DEPOSIT OF BENEFITS

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HOW MUCH OF YOUR CITY’S BUDGET IS FOR PENSIONS?

It may be less than you think.

A report issued by the National Association of State Retirement Administrators (NASRA) shows that approximately three percent of all state and local government spending is used to fund pension benefits for employees of state and local government. According to NASRA, in Ohio, 2.85 percent of total spending by state and local governments is for pension contributions.

On average, retirement programs remain a small part of state and local government spending, although required costs, benefit levels, funding levels and funding adequacy vary widely. Over $210 billion is distributed annually from these trusts to retirees and their beneficiaries, which serves as a source of economic stimulus to virtually every city and town in the nation. Since 1980 pension costs have been reliably stable, declining from around four percent to three percent in 2010.

In the wake of the 2008-09 market declines nearly every state and many cities have taken steps to improve the financial condition of their retirement plans and to reduce costs. In Ohio, this was accomplished with pension reform legislation in 2012. Although lawmakers in some states have considered closing existing pension plans to new hires, most determined that this would increase—rather than reduce—costs, particularly in the near-term. Instead, many states (including Ohio) and cities have made changes to the pension plan by adjusting a combination of funding levers, including employee or employer contribution levels and restructuring benefits.

Changes to benefit levels and required employee contributions adopted by states and cities have been diverse, dependent in part on such factors as the legal authority to make changes to benefits or required employee contribution rates and the plan’s financial condition prior to 2008. Generally, states and cities with a history of paying their required pension contributions are in better condition and have needed more minor adjustments to benefits or financing arrangements compared to those with a history of not adequately making their contributions.

FREQUENTLY ASKED QUESTIONS

MONTHLY STATEMENTS CAN BE VIEWED ONLINE IN FULL SCREEN

In a continuing effort to educate our members on OP&F’s processes and procedures, the Member’s Report features answers to frequently asked questions received through the Customer Service Unit.

Q: I am trying to access my monthly statement through the OP&F website, but I cannot open it to a full screen. What do I need to do to view my monthly statement in a full screen?

A: Members may view, print, or save their monthly benefit statements by accessing Member Self Serve on the OP&F website at www.op-f.org.

As a result of a recent system upgrade at OP&F, monthly statements are not automatically opening to a full screen view. OP&F is working diligently to correct this issue. Until this issue is resolved, members may open the documents in a full screen view by following these steps:

1. Access Member Self Serve via the OP&F website
2. Click Benefit Statements
3. Open the statement to be viewed
4. Put the mouse on document and right click
5. Click Page Display Preferences
6. Click Internet, located in left margin
7. Uncheck the box that indicates Display PDF Browser
8. Click Okay
9. Close and re-open statement

The monthly statements will open in the full screen view thereafter. Please contact OP&F Customer Service at 888-864-8363 if additional assistance is needed. Additionally as a result of the system upgrade, those members receiving an actual check from OP&F may now view their monthly statement through Member Self Serve.
Notify OP&F of any address changes

Whether you are an active or retired member, or a survivor, it is important to keep your address, phone number and e-mail address current with OP&F. Members can update their information online via the secure Member Self Serve Web, or a form and instructions may be downloaded from the Forms section of www.op-f.org, and returned to OP&F by mail, fax or call Customer Service at 888-864-8363.