

Form 1099-Rs and Tax Brochures to be mailed in January

OP&F will mail Tax Form 1099-Rs on or before January 31, 2004, to all benefit recipients who received a cash distribution of \$10 or more in 2003. Although OP&F is not able to determine whether a member is required to file an annual tax return, these forms will aid in determining the taxable amount of the benefit a member has received from OP&F. The information used in determining the taxability is based on OP&F books and records as of the date the Form 1099-R is issued. As an additional courtesy, these members will also be receiving the *2003 Federal Tax Reporting Information* brochure, which provides a general overview of OP&F tax reporting methods. OP&F will only mail this information to a member's current address; therefore, if you moved or changed your address, please send a completed *OP&F Change of Address Form* (available on www.op-f.org) and request a duplicate copy of your Form 1099-R.

OP&F is required to report distributions related to Service, Disability, Annuity, Survivor, Death and Active Member Withdrawals on Form 1099-R. Members are encouraged to consult with a personal tax or financial advisor with respect to their individual circumstances and tax needs.

OP&F Online password procedures now more user friendly

Many Deferred Retirement Option Plan (DROP) participants are already enjoying the benefits of accessing their DROP accounts via the Internet, using the *OP&F Online* website. Although DROP participants can count on their mailed quarterly statements for accurate account information, the most current information can be found on *OP&F Online*. *OP&F Online* allows DROP participants to have access to their DROP account information 24-hours-a-day, 7 days-a-week through the OP&F website (www.op-f.org). The secure nature of this website allows OP&F to share personal account information with DROP participants, provided the appropriate security measures are followed. Due to member requests, security procedures have been streamlined to eliminate delays in accessing member accounts. Users can now access their DROP accounts immediately upon registration by following the simple instructions given on the website. Temporary passwords and the 10-day wait for new passwords have been eliminated so that DROP participants can more quickly view their accounts.

OP&F Customer Service Representatives remain the best source for aiding participants with questions and assistance while using *OP&F Online*. By calling toll-free 1-888-864-8363, participants will find that OP&F representatives now have an expanded capability to view member log-in history to help determine the source of any problem and in most cases, resolve the issue during that call.

Planning *for your Retirement*

New retirees enrolling in health care must select a PPO during the "Window Period"

Benefit recipients and their eligible dependents qualify for OP&F's major medical and prescription drug benefits on the effective date of their retirement. As part of the new health care plan effective January 1, 2004—designed to ensure that OP&F has the funding necessary to continue making health care available to current and future retirees for the next 10 years—new benefit recipients will only be eligible to enroll in one of the available Preferred Provider Organization (PPO) health care plans. If the member desires, this coverage can then be switched to an available HMO during the next Annual Change Period.

Additionally, until the first benefit check is mailed to the new benefit recipient, the benefit recipient and the dependents that he/she has designated for enrollment are considered to be in the "window period." Even though new benefit recipients and dependents are eligible for major medical and prescription drug coverage during this window period, they will not be added to the major medical and prescription drug carriers' computer systems until the first benefit payment is issued. Medical cards will then be sent to new benefit recipients within 2-3 weeks after the first payment is issued in most cases. Once the first benefit payment is received, claims can be submitted for reimbursement without penalty for any covered expenses that were incurred during this window period as long as selected plan guidelines were followed at the time medical care was received.

Benefit check/statement mail dates

Date of Payment	Mail Date
Jan. 1, 2004	Dec. 31, 2003
Feb. 1, 2004	Jan. 31, 2004
Mar. 1, 2004	Feb. 28, 2004
Apr. 1, 2004	Mar. 31, 2004
May 1, 2004	Apr. 30, 2004
June 1, 2004	May 30, 2004
July 1, 2004	June 30, 2004
Aug. 1, 2004	July 31, 2004
Sept. 1, 2004	Aug. 29, 2004
Oct. 1, 2004	Sept. 30, 2004
Nov. 1, 2004	Oct. 31, 2004
Dec. 1, 2004	Nov. 30, 2004

New option on phone line allows members to leave message

In response to member requests, OP&F has installed an additional option on the OP&F phone lines that gives callers the opportunity to leave a message and their call back number, instead of remaining on hold to speak with a customer service representative. An OP&F representative will return calls by the end of the next business day. Active members can reach OP&F by calling toll free 1-888-864-8363 and retired members should call 1-800-860-9599.

Important Dates

January 2004

Jan. 1 OP&F Closed for New Year Holiday
Jan. 19 OP&F Closed for Martin Luther King Day
Jan. 27 & 28 Board of Trustee Meetings

February 2004

Feb. TBA Notice of election & nominating petitions distributed for active fire Trustees seat expiring in June
Feb. 24 & 25 Board of Trustee Meetings

2004 Board Meeting Dates

The Board of Trustees voted to meet on the following dates in 2004: January 27 & 28; February 24 & 25; March 30 & 31; April 27 & 28; May 25 & 26; June 22 & 23; July 27 & 28; August 24 & 25; September 28 & 29; October 26 & 27; November 23 & 24; and December 21 & 22. The Disability Evaluation Panel will meet on the day prior to each month's meetings.

Face *Behind the Phone*



Michelle Nardi
Customer Service Representative

Michelle Nardi
Customer Service Representative
With over 22 years of various levels of customer service experience, OP&F members are fortunate to have Michelle Nardi on their side when calling for assistance. Michelle came to OP&F in July 2003, after spending most of her career working as a counselor in the travel industry, planning and providing travel arrangements for clients. Her attitude and commitment to serving the public have become tremendous assets to OP&F. "I believe that all callers should be treated with respect," explains Michelle. "I do all I can to provide the level of service our members deserve and have come to expect from their retirement system." Michelle and her husband David are kept quite busy, as they are the "number one fans" to their teenage daughters Ashley and Aubrey, who are competitive swimmers. In her spare time, Michelle enjoys reading, scrapbooking and gardening during the warmer months.

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Please notify us in writing as soon as possible if you moved.

Editor: Amy Holland
 Business Hours: Monday through Friday, 8:00 a.m. - 4:30 p.m. EST
 TTY: (614) 221-3846
 Fax: (614) 628-1777
 General: (614) 228-2975
 Retiree/Survivor Toll-Free: 1-800-860-9999
 Active Toll-Free: 1-888-864-8363

Contact Information

William J. Eschbrook, Executive Director
 George Karsa, Chief Operating Officer
 Keith Byrd, Director of Information Services
 Theodore Hall, Chief Information Officer
 Robert Farnock, Director of Health Services
 Diane M. Lease, General Counsel
 Scott Miller, Internal Auditor
 Kay Penn, Director of Member Services
 Stewart Smith, Chief Financial Officer

Executive Staff

Robert Beck, Chairman, Cleveland Police
 Ken Gehring, Vice-Chair, Toledo Fire
 Thomas Bennett, Dayton Police
 William Daighorn, Retired, Cleveland Fire
 Lawrence Ferrara, Jr., Shaker Heights Fire
 William Callaghan, Retired, Cleveland Police
 Honorable Ben Montgomery, Ohio Auditor
 Honorable Jim Ferro, Ohio Attorney General

Board of Trustees

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 Columbus, Ohio 43215
Ohio Police & Fire Pension Fund
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members Report

www.op-f.org

Volume 22, Number 4, December 2003

OP&F highlights 2003 accomplishments

As recently reported, OP&F participated in a self-review process at the request of the Auditor of the State, where the findings include numerous examples of OP&F's ongoing commitment to being good stewards of the membership's money as well as continue to exercise good fiscal responsibility. Throughout 2003 OP&F accomplished many notable goals as they continue to move towards a successful future.

One accomplishment of 2003 was the successful implementation and marked interest of the Deferred Retirement Option Plan (DROP) with the receipt of over 1,600 *Election Forms*. Staff continues to work diligently processing the huge influx of *Election Forms* timely, efficiently and with existing resources. DROP participants can

also access their "accounts" by visiting OP&F's website (www.op-f.org) and clicking on *OP&F Online*.

Hosting over 130 informational meetings throughout the state, OP&F spent much of 2003 working to thoroughly communicate the tremendous changes in health care funding and plan options taking effect January 1, 2004. These changes will help ensure health care subsidies are available to benefit recipients and their families for the next 10 years.

The Board of Trustees and staff worked diligently in 2003 to establish a not-for-profit entity that has successfully collected donations in excess of \$277,000 for the creation of a Memorial Park to honor Ohio's police officers and firefighters. OP&F will continue

to accept donations and brick or paver purchases up to and beyond the expected dedication ceremony in the spring of 2004.

OP&F staff continues to carefully manage the tremendous task of implementing a new pension administration computer system while keeping the project on budget and on schedule. The system, which is expected to be completely installed by 2005, will increase OP&F's efficiency and service to members.

A strong portfolio was maintained through very difficult investment times, as assets bounced back to over \$8.52 billion by mid-December 2003. As the most notable and promising accomplishment of 2003, this is a clear indication that OP&F is positioned for a strong and significant 2004.

Budget for Fiscal Year 2004 approved

The OP&F Board of Trustees approved the fiscal year 2004 budget at \$42.2 million, which limits growth to only 5.5% over the previous year, with a 1.7% *decrease* in controllable operating costs. Executive Director William J. Estabrook emphasized that in 2004, OP&F plans to invest in staff change management programs that will focus on learning, customer service, employee confidence and skill enhancements.

2004 Budget highlights include:

- An increase in investment management fees to \$4.6 million. This increase is primarily due to the large increase in the value of OP&F's investment portfolio.
- Changes have been made in the

employee health care program that will contribute to a \$324,000 decrease in overall spending.

- Personnel expenses will decrease by \$542,000 as a result of eliminating 9 full-time positions.
- For the fourth straight year, OP&F will reduce budgeted travel and conference spending for staff and Board members, yielding a \$57,000 decrease.
- The implementation of the new pension administration computer system will increase OP&F's overall efficiency and service levels to members.
- The new health care program for benefit recipients is expected to increase member health care contributions by 187%, aiding

in the first-time decrease in health care costs.

The 2004 Budget also reaffirmed OP&F's commitment to continue working with other Ohio Retirement Systems to share solutions to common issues and concerns, including the sharing of best practices. As shown throughout the 2004 Budget, OP&F continues to exercise fiscal responsibility, while being sensitive to how spending reflects credibility and confidence in the pension fund. Steps continue to be taken in an effort to ensure the amount spent on travel and expenses is reasonable while also recognizing the ongoing need for Board members to continue their hard work to be well educated in financial matters.



William J. Estabrook
Executive Director

Dear Members,

With two legislative bills currently under consideration, the Ohio Retirement Systems are most definitely bound for change in 2004. Each bill contains provisions that may strengthen the functioning and monitoring of the retirement systems, and provide for additional financial disclosure. OP&F is prepared to step forward, continue exercising

fiscal responsibility and provide the best possible benefits to our membership, regardless of the outcome of these bills.

In past correspondence I have asked for your support by contacting your state representative to voice concerns about certain aspects of these bills. I am grateful for the support you have shown and I am pleased to report that your voices are being heard. This is evidenced as it appears the provision which would allow the Treasurer of the State, a term-limited elected public official, the power to name the executive director of each retirement system, has been eliminated. If this remains true throughout the negotiations, there should no longer be a provision that threatens the qualified tax status of the public retirement systems and creates a conflict of interest between the State Treasurer and your elected Board of Trustees.

Of course there is still much to discuss between the House of Representatives and the Senate regarding

these bills; however, it appears that the remaining concern is the "Buy Ohio" mandate, affecting the retirement systems' investment authority and fiduciary responsibility. Collectively, the retirement systems have estimated that the "Buy Ohio" mandate alone could cost more than \$180 million. That takes away \$180 million that would otherwise be available for retirement and health care benefits. As noted on page 3 of this publication, OP&F's portfolio ended November 2003 at approximately \$8.45 billion. Through December 16, 2003, the portfolio was worth \$8.52 billion, which represents an increase of \$1.24 billion for the year-to-date. OP&F continues to be a well-managed organization and is positioned for growth when the stock market rebounds.

We have a lot for which we can be proud as the Board of Trustees and staff of OP&F have taken several steps over the years to ensure the financial stability of your pension fund, including spending an average of 11.6% less each year than the overall approved budget for the period 2000 through 2003. With investments looking up as we enter 2004 and change on the horizon, I thank you, again, for your continued support.

Sincerely,

William J. Estabrook
Executive Director

Board appoints Lawrence G. Petrick, Jr. to represent active firefighters

The Board of Trustees named Lawrence G. Petrick, Jr. to fill the vacant position representing active firefighters on the OP&F Board beginning December 2003. Mr. Petrick is a 22-year veteran of the fire service and has a rank of lieutenant with the Shaker Heights Fire Department, where he is serving as acting captain. He has also served as president, vice-president, treasurer and secretary for the International Association of Fire Fighters Local 516 Executive Board. Mr. Petrick has been Director of Health, Safety & EMS for the Ohio Association of Professional Fire Fighters since 1993, where he represents more than 9,200 Ohio firefighters. OP&F's Board of Trustees filled the vacant position in accordance with Ohio law, which provides for the elected members of the Board to appoint a successor. The Board nominating committee reviewed resumes and conducted interviews prior to recommending Mr. Petrick to serve the remainder of the term previously held by Mr. David Harker, which expires in June 2004. All eligible active firefighters will have the opportunity to participate in a statewide election in the spring of 2004 to fill a 4-year term for the position that will begin in June 2004.



Lawrence G. Petrick, Jr.
Trustee

Richard Balazs retires after 11 years of service on OP&F Board

Effective December 1, 2003, OP&F Board Member, Richard Balazs announced his retirement from his position as the Director of Finance for the City of Euclid. Unfortunately, his retirement renders him ineligible to continue serving as the Ohio Governor's appointed member on the OP&F Board of Trustees. As a result, Mr. Balazs announced his resignation from his position as a member of the Board of Trustees effective November 30, 2003. On behalf of his fellow Board Members, Chairman Robert Beck publicly thanked Mr. Balazs for his extensive service to the OP&F Board of Trustees and offered his best wishes for a happy retirement. Mr. Balazs has served uninterrupted since he began his appointment with OP&F in 1992 and has served as the Chairman of the Finance Committee during his tenure.



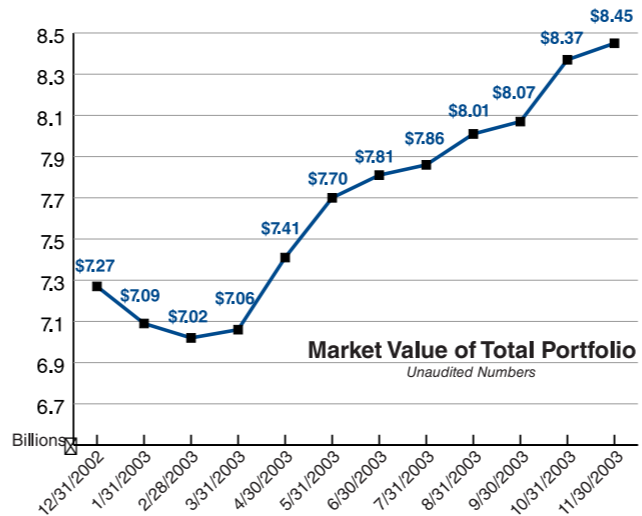
Richard Balazs
Trustee

Facts & Figures

1+1=2+2=4+4=8+8=16+16=32 1+1=2+2=4+4=8+8=16+16=32 1+1=2+2=4+4=8+8=16+16=32 1+1=2+2=4+4=8+8=16+16=32 1+1=2+2=4+4=8+8=16+16=32 1+1=2+2=4+4=8+8=16+16=32

OP&F's investment portfolio rebounds, ending strong in 2003

OP&F's portfolio ended November 2003 at approximately \$8.45 billion. Through December 16, 2003, the portfolio was worth \$8.52 billion, which represents an increase of \$1.24 billion for the year-to-date.



Medicare Part B premiums to increase in 2004

The U.S. Government recently announced that the Medicare Part B premium will increase from \$57.80 per month to \$66.60 per month in 2004. This will equate to an increase of over \$1,067,330 in the reimbursements that OP&F pays to eligible benefit recipients for their Medicare Part B participation. OP&F benefit recipients who are receiving Medicare Part B benefits are eligible for the Part B premium reimbursement (at the current rate) in their monthly benefit check provided the required documentation is filed with OP&F. Currently, over 9,800 members receive this reimbursement from OP&F.

OP&F compares Ohio's Rx programs to AdvancePCS

Introduced on the heels of skyrocketing prescription drug costs, Ohio has adopted or will adopt several different prescription drug plans to assist the uninsured, low-income or senior public with obtaining their medications at a reduced rate. OP&F has received numerous inquiries regarding these prescription card programs and pending prescription legislation. In an attempt to address your concerns and comments, the chart below briefly highlights each plan and its potential impact on members enrolled in the AdvancePCS prescription drug program. Although all of these plans are more detailed than we have room to represent in this publication, we urge you to research and compare these plans to the AdvancePCS program in which you participate. OP&F strives to offer the most comprehensive and affordable prescription drug benefit to our members and we are pleased to report that we are accomplishing this goal to a level above those plans listed below.

	Ohio's Golden Buckeye Card	Rx For Ohio	Ohio's Best Rx	Medicare Prescription Drug Program
Description	Cardholders can access discount prescription drugs. The card is honored by more than 90% of Ohio's pharmacies. Home delivery also available.	Rx for Ohio is an on-line clearinghouse of Patient Assistance Programs managed by drug manufacturers.	Best Rx offers savings of 25% to 40% to eligible individuals. Note: Best Rx could take effect as early as Summer 2004, depending on when the Ohio General Assembly votes on the legislation.	Part D: Drug benefit plan effective January 2006. Member share, depending on income status, will include monthly premiums, annual deductibles, co-insurance, and a gap in coverage. Discount card: Available Spring 2004, will cost \$30 and offer discounts of 10% - 15% at retail pharmacies.
Eligibility	Ohio residents with Golden Buckeye cards age 60 and over or ages 18-60 and certified as disabled.	Eligibility criteria and application process vary by manufacturer. Basic eligibility criteria involve income requirements, family size, and status of insurance coverage for prescription drugs.	Eligibility criteria being considered include age, income requirements, and status of insurance coverage for prescription drugs.	Members eligible for Medicare.
Impact & Comparison	In most cases, the cost of the Golden Buckeye discounted drug exceeds the OP&F co-pay requirement, depending on the Option purchased.	Most drug manufacturers limit their Patient Assistance Programs to consumers who are either uninsured or underinsured, which does not describe an OP&F member.	Insured members may not be eligible for coverage under Best Rx, and the cost of the discounted drug may exceed the OP&F co-pay requirement, depending on the Option purchased.	Information is still being developed. However, for Part D, members are expected to be able to choose from several different options, therefore the impact to an OP&F member could vary.
Program Information	www.GoldenBuckeye.com 1-866-301-6446 (toll free)	www.RxforOhio.org 1-877-794-6446 (toll free)	Information is still being developed by Ohio's Best Rx.	Information is still being developed by Medicare.

2004 Health Care Updates & Reminders

Some members to receive final notices for return of annual form
OP&F's Health Services Department reported that nearly all benefit recipients have returned the mandatory *Annual Health Care Eligibility and Enrollment Form* for 2004. As part of the Annual Change Period, OP&F requested that all benefit recipients, regardless of their current enrollment status, notify OP&F of their 2004 health care choices by completing and returning their form to OP&F by October 3, 2003. In December, third and final notices were sent by certified mail to those who have not returned their forms. Individuals who do not return their form run the risk of termination of health care benefits.

Health Care Confirmation Letters give members final opportunity to change plans

OP&F has mailed all health care confirmation letters to individuals who have returned their annual health care enrollment forms. By following the instructions on the Health Care Confirmation letters, members are given one final opportunity to change their plan options for 2004. OP&F will continue to process confirmation letter change requests through February 2004.

Identification cards to arrive in mid-January

Your selected major medical insurance carrier and AdvancePCS prescription drug carrier will mail new identification cards to you in mid-January. The supplemental dental and vision plans will not have accompanying identification cards in 2004. Plan information, including group numbers and claim addresses will be mailed to all new dental and/or vision enrollees in January. If you must seek medical care or purchase a prescription prior to receipt of your cards, be certain to follow the guidelines of your selected plan. If you have questions or concerns regarding specific coverage items, or need coverage verification prior to receiving your cards, please contact the carrier you selected by using the following toll-free telephone numbers.

- Aetna PPO (800) 645-5677
- Medical Mutual PPO (800) 854-8139
- Aetna HMO (877) 834-0016
- Kaiser Permanente HMO .. (800) 400-1907
- Paramount HMO (888) 891-0707
- AdvancePCS (877) 827-7315
- Aetna Vision (800) 645-5677
- Delta Dental USA (800) 524-0149

New Rules & Policies

Added, Reviewed or Revised since January 2003

Rules

- Calculation of Interest for DROP
- Continuation of Membership for Part-Time and Volunteer Employed After Transfer of Assets
- Decision Deadlines/Non-COLA Benefit
- Definition of Service Credit
- Disability Benefits Procedure
- DROP Benefits at Death
- Effective Date of DROP Election
- Form of Division of Property Orders
- Form of Employer's Report; Failure of Employer to Submit Required Employee Deduction Report
- Health Care Discount Program
- Health Care Program
- Interest Rate for Service Credit Purchase/Purchases of

Civilian Service Credit

- Long Term Care Insurance Program
- Medicare Part A or B
- Member Minimum Medical Testing & Diagnostic Procedures
- Recognition of Picked-Up Contributions
- Responsibility for Health Care Coverage
- Service Credit Purchases and Transfers
- Statutory Termination of Disability Benefits
- Subsequent Public Employment of Individuals Retired under one of the Ohio Public Retirement Systems
- Use of Member Records

Policies

- Determination of Membership for Elections
- Document Duplication