

HILLIARD'S
STATION



Ohio
Police
& Fire Pension
Fund

2018 POPULAR ANNUAL REPORT

FOR YEAR ENDED DECEMBER 31, 2018



WELCOME TO YOUR PENSION FUND

MISSION

Securing the future for Ohio's police and firefighters.

VISION

The Ohio Police & Fire Pension Fund will continue to be a leader and model among retirement systems, providing peace of mind to our members and a level of service that exceeds expectations.

CORE VALUES

Three core values guide the Ohio Police & Fire Pension Fund in its daily work:

- » **Prudence.** OP&F will make prudent decisions while delivering our benefit services, selecting our investment strategies and executing our operational practices.
- » **Integrity.** The integrity of our organization is based on accuracy, credibility and ethical conduct at all times.
- » **Empathy.** OP&F will respond in an appropriate and timely manner with respect and honesty to all inquiries from every audience.

140

TOWN
CENTER

Ohio
Police
& Fire Pension
Fund



TABLE

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ABOUT

OP&F

Ohio
Police
&
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OP&F's roots date to 1965 when the Ohio General Assembly created the system to provide pension and disability benefits to the state's full-time police officers and firefighters, along with survivor benefits. OP&F's first headquarters opened in 1967 and the first benefit checks were mailed in January of that year.

As one of five public retirement systems in Ohio, OP&F has established a financially sound pension fund that operates on an actuarial reserve basis. The system's disability benefit program and the investment portfolio management have routinely been recognized for excellence.

For more than 50 years, OP&F has played a central role in assuring a secure and dignified retirement for those men and women who have served Ohio ably and bravely. Today, OP&F serves approximately 28,000 active members and more than 32,000 retirees and their beneficiaries.



TIMOTHY P. PATTON
Chair, Board of Trustees

JOHN J. GALLAGHER, JR.
Executive Director

MESSAGE FROM THE CHAIR & DIRECTOR

Staff and trustees of the Ohio Police & Fire Pension Fund knew the challenge of 2018 would be profound. No matter how much planning and communication went into preparing for the shift in how we support retiree health care, there would still be a change for all involved. Change is difficult, and our retired members experienced this firsthand as OP&F ended its self-insured group health care plan on Dec. 31, 2018 and provided a stipend for retirees to shop and enroll in plans of their choice on an exchange from our health care partner, Aon Retiree Health Solutions.

The health care support OP&F provides to retirees is substantial. For approximately 70 percent of our retirees – those who are Medicare-eligible – the stipend plan is a cost savings compared to the previous year. However, the expense and limited choices available to the pre-Medicare population painfully highlights a real problem, not just for OP&F, but our nation.

We continue to lobby elected officials both in Washington and Columbus for a better system. We believe a significant first step would be to allow public safety personnel to buy into Medicare at age 55. While certainly an uphill battle, this idea has its proponents and we hope to be a part of building momentum for this concept.

Retiree health care dominated our agenda throughout 2018. But there were other significant accomplishments throughout our organization. Please take the time to review this annual report, which not only examines our financial standing, but achievements reached in all areas.

Sincerely,

Timothy P. Patton, Chairman, Board of Trustees



John J. Gallagher Jr., Executive Director



BOARD OF TRUSTEES

The governing body of OP&F is the Board of Trustees. The Board adopts rules for administering provisions for the pension system enacted by the Ohio Legislature. With input from executive staff, employees and professional consultants, the Board makes decisions that position the organization's future to ensure a reliable source of retirement income for our members. The Board's chief responsibilities include:

- » Adopting administrative rules and policies for the operation of the investment program
- » Approving and disapproving disability grants and retirement applications
- » Approving and disapproving the appointment of external investment managers
- » Adopting the annual administrative budget
- » Reviewing annual actuarial reports and the financial audit
- » Approving a plan design and retaining an administrator to manage the health care plan available to eligible retirees and their dependents

The OP&F Board consists of nine members. Six are either active or retired members and elected to four-year terms by their membership groups:

- » Two active police officers
- » Two active firefighters
- » One retired firefighter
- » One retired police officer

The Board includes an additional three members with professional investment experience:

- » One appointed by the Governor
- » One appointed by the Treasurer of State
- » One appointed jointly by the Ohio Senate President and the Speaker of the Ohio House of Representatives



TIMOTHY PATTON

CHAIR - Active
Cleveland Police
Trustee since 6/1/15
Term exp. 6/2/19



JOHN WAINCOTT

VICE CHAIR - Retired
Cincinnati Police
Trustee since 11/16/11
Term exp. 5/31/20



WILLIAM DEIGHTON

Retired
Cleveland Fire
Trustee since 6/2/03
Term exp. 6/2/19



DANIEL DESMOND

Active
Toledo Fire
Trustee since 3/6/14
Term exp. 5/31/20



EDWARD MONTGOMERY

Active
Columbus Police
Trustee since 12/18/07
Term exp. 5/31/20



JEFFREY MOORE

Active
West Chester Fire
Trustee since 10/28/14
Term exp. 6/2/19

STATUTORY MEMBERS



J. DAVID HELLER

Investment Expert
Ohio Senate/House
Trustee since 12/16/08
Term exp. 11/5/20



CHARLES MOORE

Investment Expert
Appointed by Governor
Trustee since 6/6/17
Term exp. 9/27/20



KARIN MALONEY STIFLER

Investment Expert
Treasurer of State
Trustee since 11/16/11
Term exp. 3/04/23

EXECUTIVE STAFF

Members of OP&F's executive staff not only manage their respective departments, but also provide the information and institutional knowledge required for the Board of Trustees to make well-informed decisions. In turn, the executive staff relies on OP&F's diverse and talented employees to supply data, expertise and sound advice. Together, OP&F's staff develop and implement procedures and decisions guided by OP&F's mission, vision and core values to provide a dignified retirement for Ohio's first responders.



OP&F executive staff (L-R): Caren Sparks, Chief Audit Executive; Ted Hall, Chief Investment Officer; John Gallagher, Executive Director; Scott Miller, Deputy Executive Director; Brian O'Brien, Business and Technology Services Director; Keisha Proctor, Human Resources Director; Jennifer Harville, Member Services Director; Mary Beth Foley, General Counsel; David Graham, Communications Director.

OP&F STAFF

OP&F's staff of 146 work in one of five departments.

ADMINISTRATION

The OP&F Administration Department serves a number of key groups, including members, the Board of Trustees, elected officials, the media and other OP&F Departments. Areas within Administration include:

- » Communications
- » Human Resources
- » Internal Audit
- » General Counsel

MEMBER SERVICES

The Member Services Department serves active and retired OP&F members and their families, from entry into the system, through retirement and beyond. Four different teams work together to deliver a high level of customer service to members. The department helps to ensure accurate administration and timely payment of service pensions and disability benefits. They also administer survivor benefits, death fund benefits and the health care programs for eligible retirees and dependents. The department is comprised of the following teams:

- » Benefit Payments and Compliance
- » Benefit Calculations
- » Customer Service/Member Education
- » Processing

BUSINESS AND TECHNOLOGY SOLUTIONS

This department encompasses two areas – Information Services and Records and Imaging and Mail Center (RIM). The Information Services area is responsible for computer-related equipment and associated software programs, along with the control and maintenance of telecommunications equipment and OP&F's internal help desk. Business and Technology Solutions also works to ensure that the data entrusted to OP&F remains secure.

FINANCE

The Finance Department manages OP&F's accounting, budgeting, tax, insurance, Procurement and financial reporting functions, and has as its overriding concern strong financial stewardship of OP&F members' money. The department is a service provider to both our members and their employers. Additionally, the Employer Services Group oversees employer payroll reporting and is the primary contact at OP&F for employers.

INVESTMENT

OP&F's Investment Department consists of the Investment Management, Oversight and Operations groups. The department is charged with effectively and prudently investing and monitoring OP&F's assets to maximize total return at an acceptable level of risk while adhering to all laws, regulations and policy guidelines. The Investment staff implements and maintains the Board of Trustees' asset allocation decisions and recommends new policies and actions as appropriate.



FINANCIAL

REVIEW



From our investment portfolio to incoming member and employer contributions, along with monitoring the budgets of individual OP&F departments, the financial management and accounting responsibilities at OP&F are extensive. Reconciling these accounts is vital not only for our ability to pay benefits, but also in the trust given to us by our members, elected officials and the general public.

In addition to a professional staff within our Finance Department, OP&F retains independent auditing and actuarial firms to measure the current and long-term financial well-being of the pension fund. Key measurements like funding period and funded ratio help determine if changes are needed to preserve the long-term solvency of OP&F.

In October, the Board received the annual funding valuation report from OP&F's independent actuary, Buck Global. The report, which included data through Jan. 1, 2018, showed that OP&F remained in compliance with state funding requirements with a funding period of 28 years, the same as the 2017 valuation report. This funding period indicates the number of years it will take to pay the unfunded

liabilities that have accrued at OP&F. The 28-year mark falls within Ohio's 30-year funding requirement for the state's public retirement systems. The funding ratio, which shows the total available as compared to the total liabilities owed, was calculated at 69.9 percent (an improvement of 0.1 percent from the previous year).

OP&F has been recognized for professional standards and reporting with four awards. The Public Pension Coordinating Council recognized OP&F with its administration award for 2018. The award signifies that OP&F meets professional standards for plan administration as established for public pension standards.

OP&F has also earned awards from the Government Finance Officers Association (GFOA). The system received the Outstanding Achievement in Popular Annual Financial Reporting in November for the production of the 2017 annual report, and the Certificate of Achievement for Excellence in Financial Reporting for the 2017 Comprehensive Annual Financial Report. The GFOA also presented OP&F with its annual Distinguished Budget Presentation Award for the fiscal year 2018 budget.

CONDENSED FIDUCIARY NET POSITION INFORMATION

(DOLLARS IN MILLIONS)

	2018	2017	2018 Change	
			AMOUNT	PERCENT
Cash and Short-term Investments	\$948.7	\$948.3	\$0.4	-%
Receivables	240.6	221.8	18.8	8.5%
Investments, at Fair Value	14,557.1	15,877.1	(1,320.0)	(8.3)%
Capital Assets, Net of Depreciation	15.4	15.8	(0.4)	(2.5)%
Other Assets	0.3	0.2	0.1	50.0%
TOTAL ASSETS	15,762.1	17,063.2	(1,301.1)	(7.6)%
DEFERRED OUTFLOWS	5.2	4.4	0.8	18.2%
Benefits and Accounts Payable	81.4	82.7	(1.3)	(1.6)%
Investments Payable	944.1	1,096.0	(151.9)	(13.9)%
TOTAL LIABILITIES	1,025.5	1,178.7	(153.2)	(13.0)%
DEFERRED INFLOWS	6.9	0.2	6.7	3350.0%
FIDUCIARY NET POSITION, END OF YEAR	\$14,734.9	\$15,888.7	\$(1,153.8)	(7.3)%

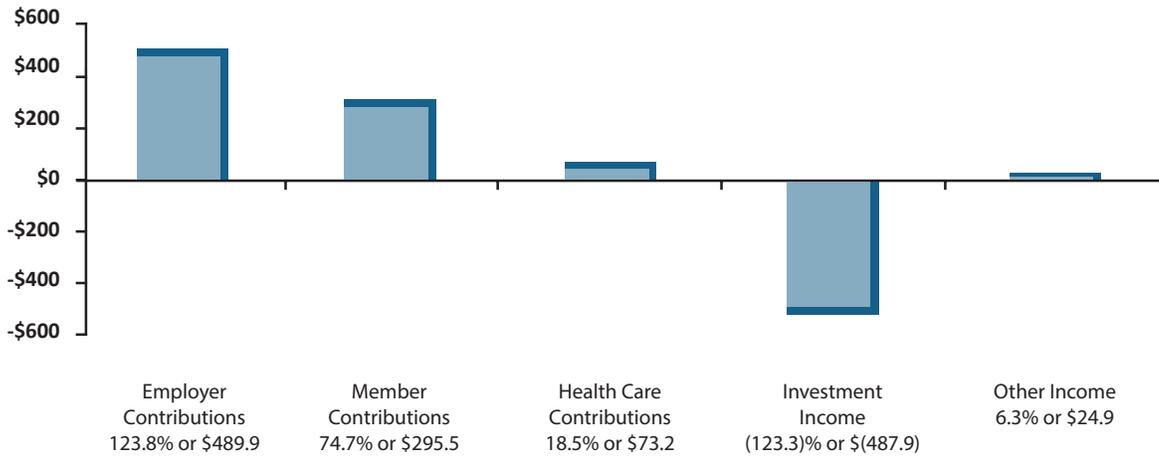
CONDENSED CHANGES IN FIDUCIARY NET POSITION INFORMATION

(DOLLARS IN MILLIONS)

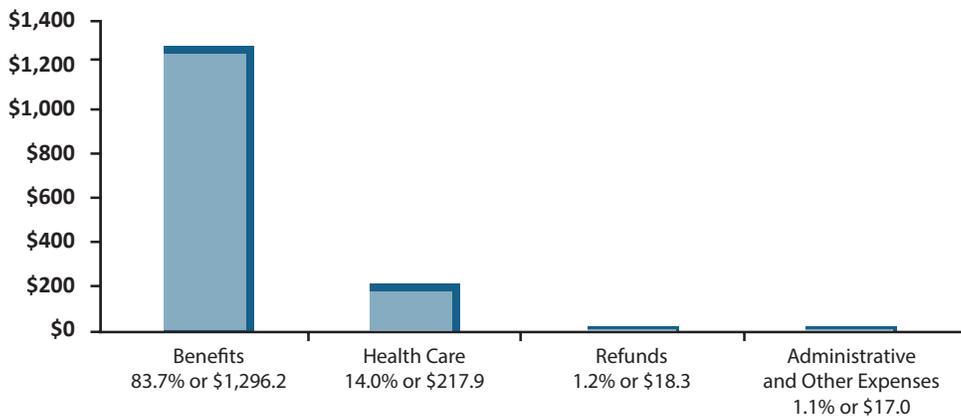
	2018	2017	2018 Change	
			Amount	Percent
Contributions	\$858.6	\$829.7	\$28.9	3.5%
Net Investment Gain/(Loss)	(487.9)	1,923.5	(2,411.4)	(125.4)%
Other Additions	24.9	28.6	(3.7)	(12.8)%
TOTAL ADDITIONS	395.6	2,781.8	(2,386.2)	(85.8)%
Benefits	1,514.1	1,429.2	84.9	5.9%
Refunds	18.3	20.6	(2.3)	(11.2)%
Administrative Expenses and Other	17.0	20.3	(3.3)	(16.3)%
TOTAL DEDUCTIONS	1,549.4	1,470.1	79.3	5.4%
Net Increase/(Decrease)	(1,153.8)	1,311.7	(2,465.5)	(188.0)%
Fiduciary Net Position, Beginning of Year	15,888.7	14,577.0	1,311.7	9.0%
FIDUCIARY NET POSITION, END OF YEAR	\$14,734.9	\$15,888.7	\$(1,153.8)	(7.3)%

* 2017 was restated to reflect the implementation of GASB 75.

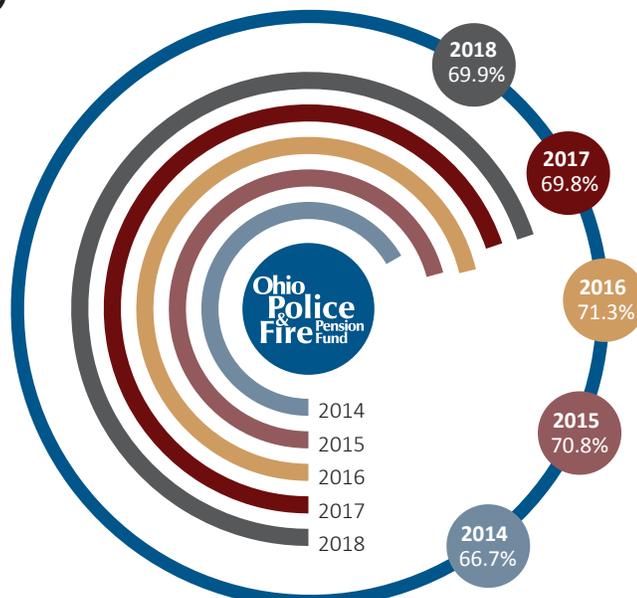
2018 ADDITIONS (DOLLARS IN MILLIONS) \$395.6



2018 DEDUCTIONS (DOLLARS IN MILLIONS) \$1,549.4



FUNDING RATIO



STATEMENT OF FIDUCIARY NET POSITION (AS OF DEC. 31, 2018)

The following information provides an abbreviated version of OP&F's financial statements. OP&F issued an audited Comprehensive Annual Financial Report [CAFR] for the year ending in December 31, 2018, in June 2019. The 2018 CAFR and those from other years can be downloaded from OP&F's website at www.op-f.org. *Numbers below are unaudited.

	Pensions	Post-Employment Health Care	2018 Total	Death Benefit Agency Fund
Assets:				
Cash and Short-term Investments	\$896,323,147	\$52,371,295	\$948,694,442	\$211,025
Receivables:				
Employers' Contributions	49,083,363	1,203,351	50,286,714	-
Members' Contributions	28,267,446	-	28,267,446	-
Accrued Investment Income	38,962,181	2,276,523	41,238,704	-
Investment Sales Proceeds	94,690,879	5,532,696	100,223,575	-
Local Funds Receivable	20,575,819	-	20,575,819	-
TOTAL RECEIVABLES	231,579,688	9,012,570	240,592,258	-
Investments, at fair value:				
Domestic Bonds	2,999,494,060	175,257,539	3,174,751,599	-
Non-U.S. Bonds	42,673,458	2,493,369	45,166,827	-
Mortgage and Asset-Backed Securities	501,501,904	29,302,272	530,804,176	-
Domestic Stocks	2,693,953,659	157,405,108	2,851,358,767	-
International Equities	2,326,933,002	135,960,446	2,462,893,448	-
Real Estate	1,682,586,633	98,311,910	1,780,898,543	-
Commercial Mortgage Funds	34,193,119	1,997,871	36,190,990	-
Private Debt	458,220,095	26,773,357	484,993,452	-
Private Equity	1,175,794,594	68,700,542	1,244,495,136	-
Real Assets	359,922,632	21,029,931	380,952,563	-
Master Limited Partnerships	780,577,589	45,608,394	826,185,983	-
Domestic Derivatives	2,127,681	124,318	2,251,999	-
Non-U.S. Derivatives	(1,858,367)	(108,583)	(1,966,950)	-
TOTAL INVESTMENTS	13,056,120,059	762,856,474	13,818,976,533	-
Collateral on Loaned Securities	697,426,630	40,749,964	738,176,594	-
Capital Assets, net of accumulated depreciation, where applicable:				
Land	3,200,000	-	3,200,000	-
Building and Improvements	11,045,581	-	11,045,581	-
Furniture and Equipment	325,640	-	325,640	-
Computer Software and Hardware	808,997	-	808,997	-
TOTAL CAPITAL ASSETS, NET	15,380,218	-	15,380,218	-
Prepaid Expenses and Other	276,581	-	276,581	-
TOTAL ASSETS	14,897,106,323	864,990,303	15,762,096,626	211,025
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension and OPEB	5,163,434	-	5,163,434	-
Liabilities:				
Health Care Payable	-	19,086,965	19,086,965	-
Investment Commitments Payable	194,550,156	11,367,378	205,917,534	-
Accrued Administrative Expenses	32,755,661	-	32,755,661	-
Due to State of Ohio	-	-	-	211,025
Obligations Under Securities Lending	697,426,630	40,749,964	738,176,594	-
Other Liabilities	29,594,126	-	29,594,126	-
TOTAL LIABILITIES	954,326,573	71,204,307	1,025,530,880	211,025
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension and OPEB	6,886,377	-	6,886,377	-
FIDUCIARY NET POSITION HELD IN TRUST FOR PENSION AND POST-EMPLOYMENT HEALTH CARE BENEFITS				
	\$13,941,056,807	\$793,785,996	\$14,734,842,803	\$-

See the Notes to the Basic Financial Statements. The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

(FOR THE YEAR ENDED DEC. 31, 2018)

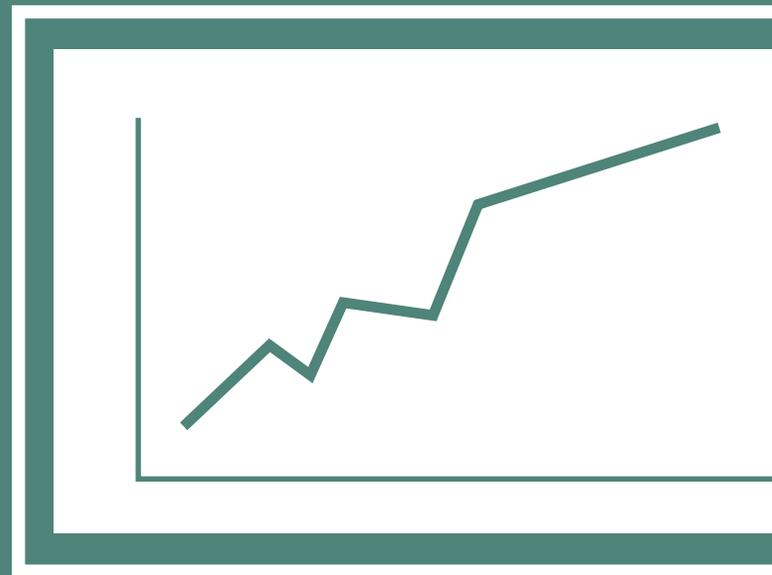
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	Pensions	Post-Employment Health Care	2018 Total
Additions:			
From Contributions:			
Members'	\$295,472,374	\$-	\$295,472,374
Employers'	478,294,974	11,337,852	489,632,826
State of Ohio-Subsidies	300,811	-	300,811
Health Care Premiums	-	73,156,768	73,156,768
TOTAL CONTRIBUTIONS	774,068,159	84,494,620	858,562,779
From Investment Income:			
Net Appreciation (Depreciation)			
Value of Investments	(887,055,542)	(53,271,134)	(940,326,676)
Bond Interest	119,917,305	7,201,500	127,118,805
Dividends	107,261,586	6,441,475	113,703,061
Alternative Investment Income	148,438,434	8,914,305	157,352,739
Master Limited Partnership Income	72,249,616	4,338,870	76,588,486
Other Investment Income (Loss)	22,281,982	1,338,120	23,620,102
Less Investment Expenses	(48,580,550)	(2,917,451)	(51,498,001)
NET INVESTMENT INCOME	(465,487,169)	(27,954,315)	(493,441,484)
From Securities Lending Activities:			
Securities Lending Income	22,124,251	1,328,647	23,452,898
Securities Lending Expense	(16,853,168)	(1,012,098)	(17,865,266)
NET INCOME FROM SECURITIES LENDING	5,271,083	316,549	5,587,632
Interest on Local Funds Receivable	910,982	-	910,982
Other Income	570,320	23,446,262	24,016,582
TOTAL ADDITIONS	315,333,375	80,303,116	395,636,491
Deductions:			
Retirement Benefits	749,166,773	-	749,166,773
Disability Benefits	254,363,281	-	254,363,281
Health Care Benefits	-	217,862,957	217,862,957
Survivor Benefits	89,742,094	-	89,742,094
DROP Withdrawals	203,062,525	-	203,062,525
Contribution Refunds	18,273,823	-	18,273,823
Administrative Expenses	16,038,268	741,952	16,780,220
Other Expenses	196,128	-	196,128
TOTAL DEDUCTIONS	1,330,842,892	218,604,909	1,549,447,801
CHANGE IN FIDUCIARY NET POSITION	(1,015,509,517)	(138,301,793)	(1,153,811,310)
FIDUCIARY NET POSITION - BEG OF YEAR (as restated)*	14,956,566,324	932,087,789	15,888,654,113
FIDUCIARY NET POSITION - END OF YEAR	\$13,941,056,807	\$793,785,996	\$14,734,842,803

* In 2018, OP&F implemented GASB 75, which required OP&F to restate the Beginning Of Year Fiduciary Net Position. For more information, see the Notes to the Basic Financial Statements. The accompanying notes are an integral part of the financial statements.

PORTFOLIO

REVIEW



The ability to pay guaranteed benefits is largely the responsibility of OP&F's investment program. While contributions from members and their employers is the foundation for our investments, the performance of OP&F's portfolio is essential in our ability to pay approximately \$90 million each month to members who earned these benefits through a career in public safety.

A broad mix of asset classes is designed to maximize return at an acceptable level of investment risk, thereby securing the funding to pay benefits for current and future generations of police officers and firefighters.

OP&F reviewed the investment structures of several asset classes in 2018, resulting in updated structures for both U.S. and non-U.S. equity.

Within domestic equity, the investment structure shifted from a 50/50 to a 40/60 split between traditional investment management approaches and portable alpha, respectively. The portable alpha strategy has served OP&F well to date, outperforming traditional passive large cap equity on a net-of-fees basis.

For non-U.S. equity, the new structure eliminated one investment mandate and resulted in the hiring of Harding Loevner and Arrowstreet to run All Country World Index ex-U.S. mandates. OP&F expects this new manager lineup to improve returns, lower risk, and provide a better correlation profile for the Non-U.S. equity portfolio.

Other significant accomplishments in 2018 included the implementation of a Total Fund derivative overlay program and, in conjunction, the establishment of a dedicated liquidity pool. The intent of the liquidity pool is to reduce the number of times cash needs to be raised for benefit payments as well as for private funds' capital calls. OP&F believes the liquidity pool will improve trading and operational efficiency and reduce the probability of having to raise cash during periods of market stress. The intent of the Total Fund derivative overlay program is to keep OP&F's assets, from an overall Total Fund perspective, better aligned with OP&F's policy benchmark.

The total portfolio was valued at \$14.70 billion at the end of 2018, down from \$15.85 billion at the end of 2017. Within OP&F's

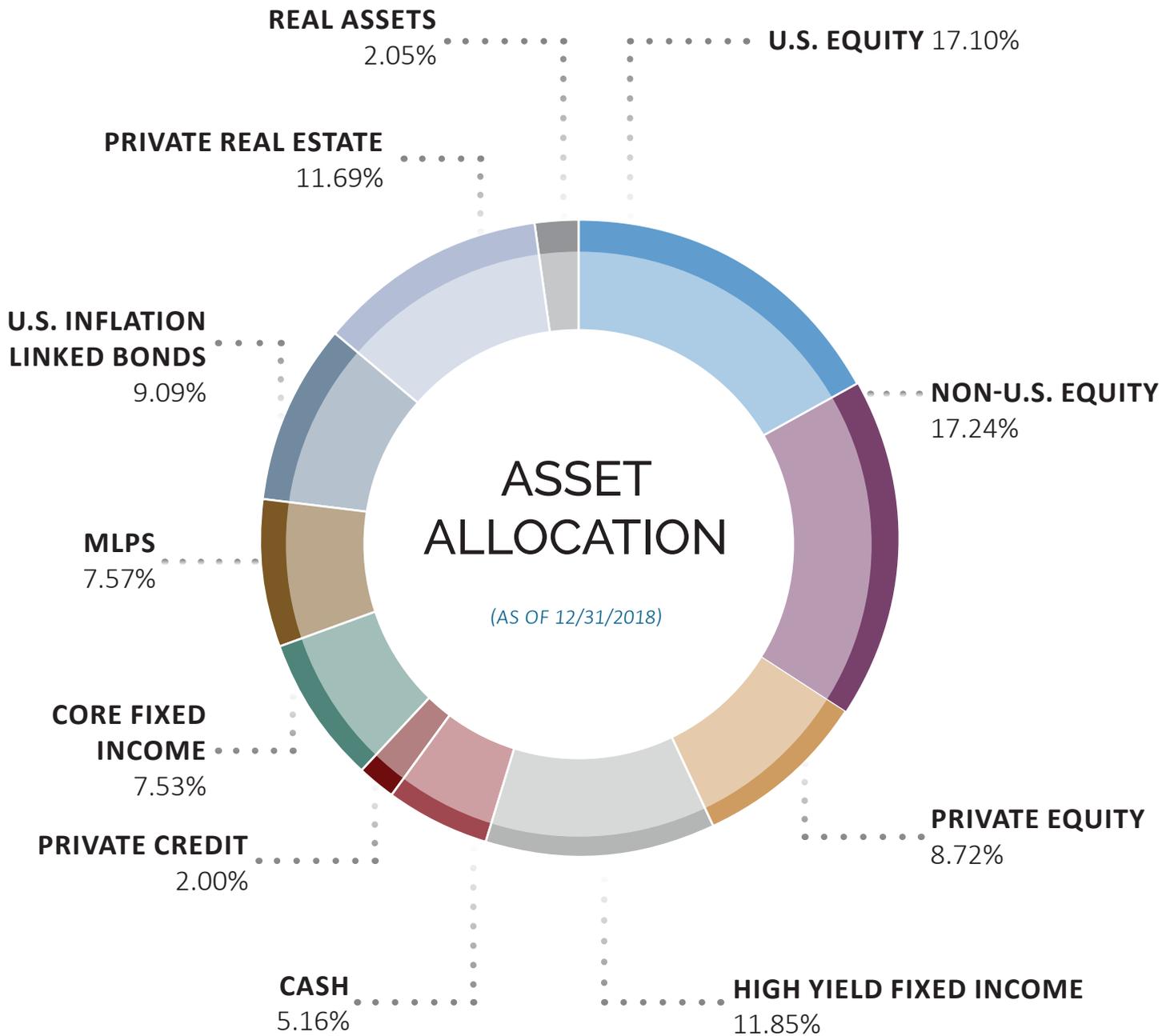
portfolio, strong absolute returns in private markets, real estate and real assets were overwhelmed by negative absolute returns in U.S. equity, high yield, TIPS and especially MLPs and non-U.S. equity to pull the overall portfolio return into negative territory in 2018.

For calendar year 2018, the total portfolio's investment return was a negative 1.78 percent gross of fees, (negative 2.40 percent net of fees). Compared to a policy index return of negative 2.67 percent, this represents an outperformance of the total portfolio's policy index by 89 basis points, gross and 27 basis points, net. OP&F's investments in U.S. equity, non-U.S. equity, core fixed income, real estate, MLPs and inflation protected securities all outperformed their respective asset class benchmarks over the course of 2018.

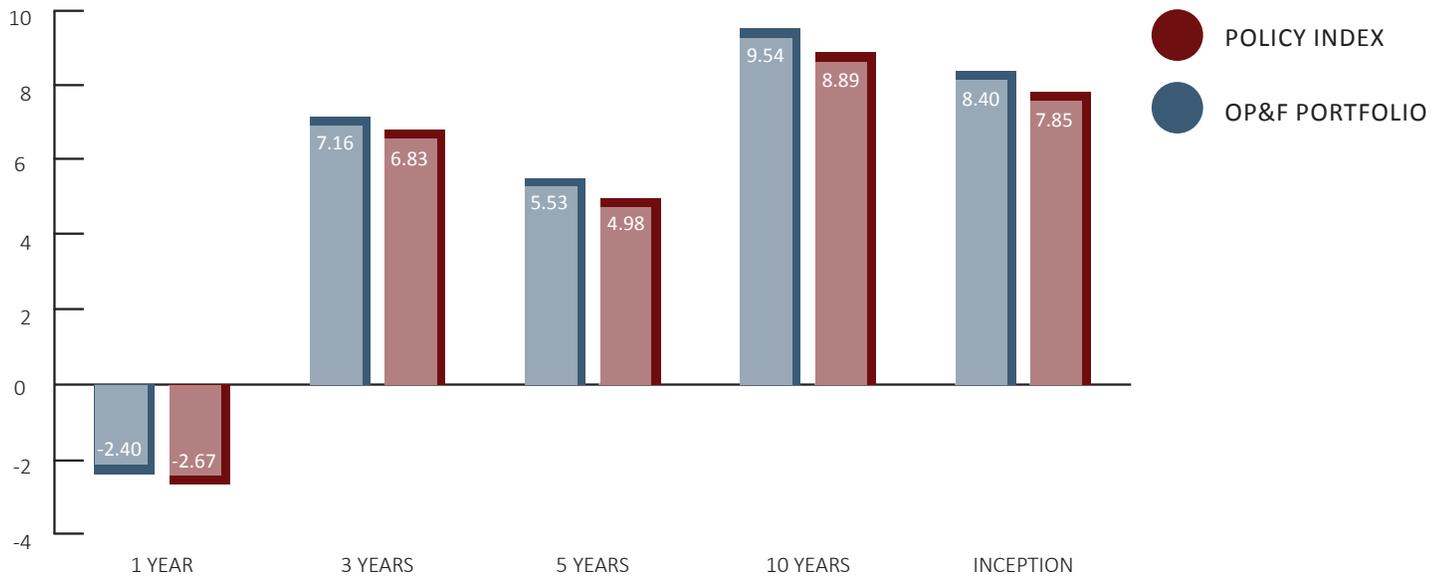
Although OP&F experienced a negative absolute performance in 2018, peer group performance showed the strength of the portfolio. OP&F's relatively lighter exposure to public equity helped place the peer group ranking in the 20th percentile of Wilshire's Master Trusts – All Plans Universe. The three-year, five-year and 10-year results ranked in the 6th, 13th and 8th percentiles, respectively, of that same peer universe.

With 2018's result, OP&F's three-year annualized gross of fees return now stands at 7.78 percent (7.16 percent net), while the five-year annualized gross of fees return is 6.13 percent (5.53 percent net). OP&F's 10-year gross of fees return is 10.05 percent (9.54 percent net). The 2018 results versus the policy index still kept OP&F's three-year relative return above the policy index return of 6.83 percent for the same period, while OP&F's five-year return also beat the policy return of 4.98 percent. The 10-year return also bested the policy return of 8.89 percent.

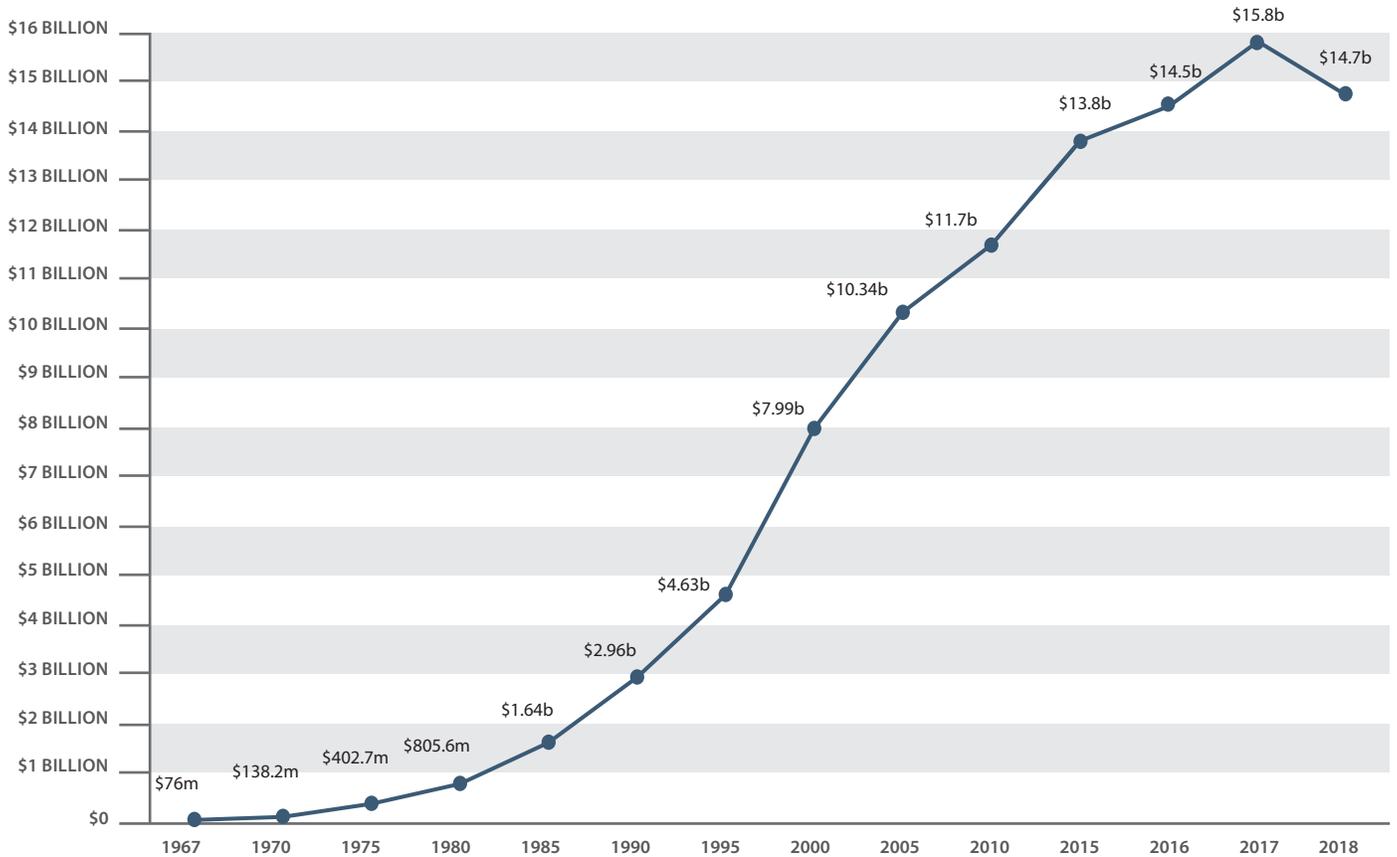
The Board of Trustees and staff believe that a well-diversified portfolio will serve OP&F well over the long-term. The 2010 adoption of risk parity at the asset allocation level and the ongoing implementation of that approach demonstrate that OP&F is committed to creating and maintaining a well-diversified portfolio. An ongoing shift out of equity and equity-like exposures has generally kept OP&F from any forced rebalancing efforts, but staff closely monitors the portfolio's status relative to asset class allocation ranges and occasional periods of extreme valuation. In addition to forcing OP&F to sell high and buy low, a disciplined rebalancing policy helps to minimize human emotion in the decision-making process. As evident in the Board of Trustee's risk parity approach and asset class structure decisions, OP&F has and will continue to evaluate non-correlated, non-traditional strategies and asset classes in its search for optimal risk-adjusted returns.



FUND PERFORMANCE (NET OF FEES)



INVESTMENT PORTFOLIO GROWTH (AS OF 12/31/2018)



OP&F

MEMBERS



OP&F's primary responsibility is to provide guaranteed pension benefits accurately, securely and on time. Ohio's public safety officers can be confident in knowing that when they complete their careers, OP&F will provide a lifetime benefit that they can count on.

While each department at OP&F plays an important role in fulfilling this promise, the Member Services Department is the primary point of contact for members and is relied upon to provide education, customer service, and of course, benefit payments.

Notable changes and improvements in 2018 included:

- The passage of Ohio Substitute Senate Bill 296 in December 2018 increased benefits for survivors of police officers and firefighters who lost their lives in the line of duty. The bill makes changes to the Ohio Public Safety Officers Death Benefit Fund and allows survivors of fallen public safety officers to opt into the health care plan for state

of Ohio employees. The law also extends pension coverage from a first responder's first possible retirement date to their maximum retirement date and increases benefits after the officer's retirement date from 50 percent of salary to 75 percent. OP&F administers the Death Benefit Fund, however the money for these benefits comes from the State of Ohio.

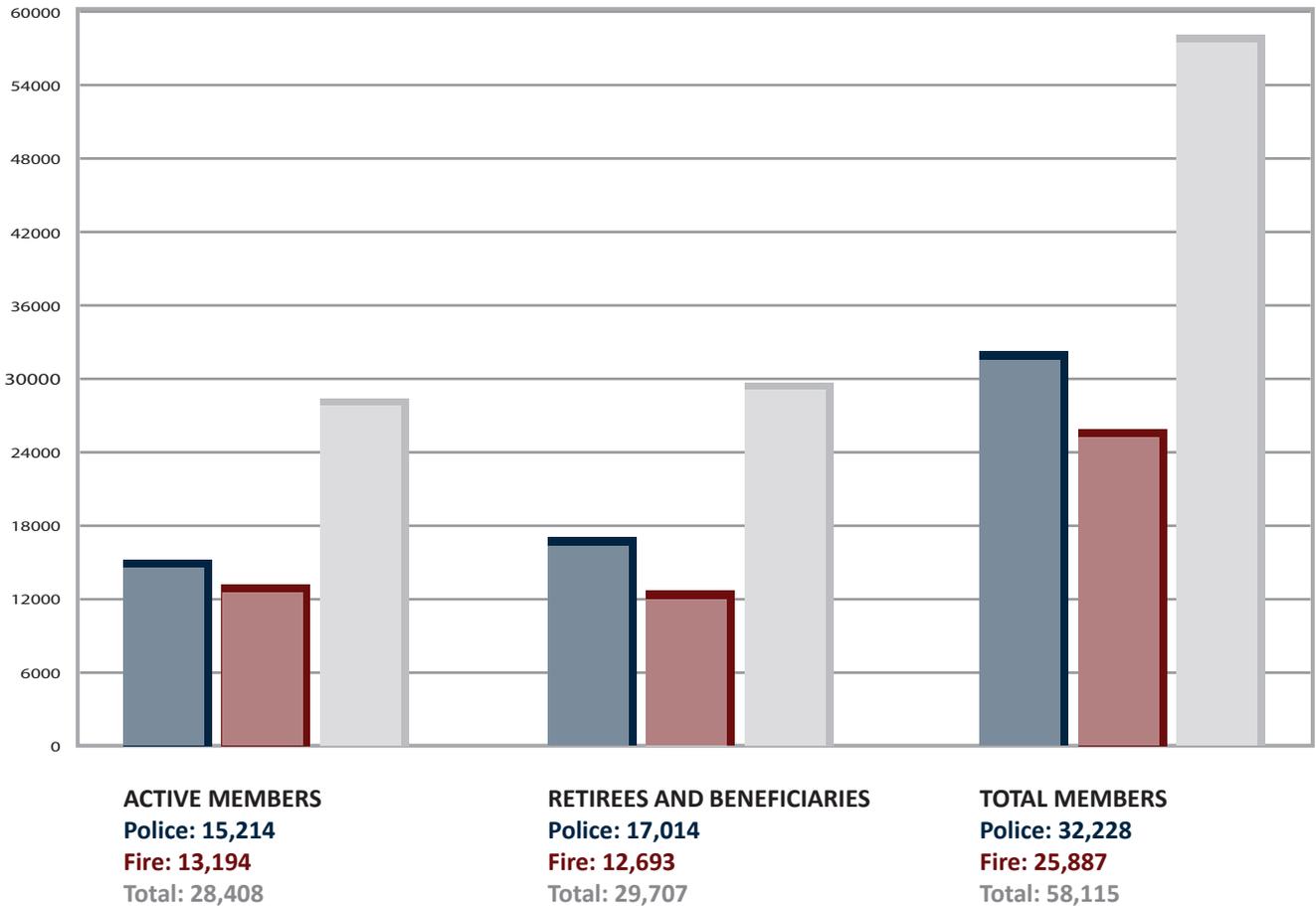
- An effort to educate OP&F members on available benefits continued throughout 2018, including the completion of two videos. Both the Deferred Retirement Option Plan video and the disability benefits video are now on the OP&F website and our YouTube channel.
- Social media tools were implemented in 2018 as OP&F now has Facebook, Twitter and YouTube accounts. OP&F posts news about the pension fund in addition to relevant public safety and retirement-related stories.







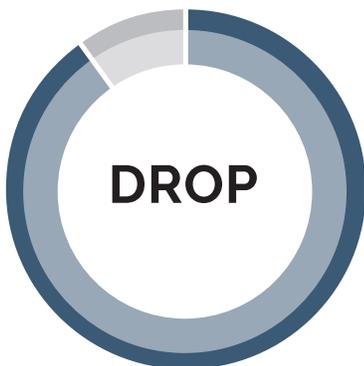
2018 MEMBERSHIP BREAKDOWN



DEFERRED RETIREMENT OPTION PLAN – POPULATION

(AS OF DECEMBER 2018)

The Deferred Retirement Option Plan (DROP) continues to be a popular benefit enhancement for OP&F members who are eligible for the program. DROP was implemented in 2003 to allow members who are eligible for a normal service retirement to stay on the job and accumulate a lump sum of money for retirement. Participants must stay in DROP a minimum of five years and no more than eight years to realize the benefits of the plan. At the end of 2018, 90 percent of OP&F members who are eligible chose to participate in DROP.



- Not in DROP **10.0% - 505**
- In DROP **90.0% - 4,275**

OP&F CUSTOMER SERVICE NUMBERS



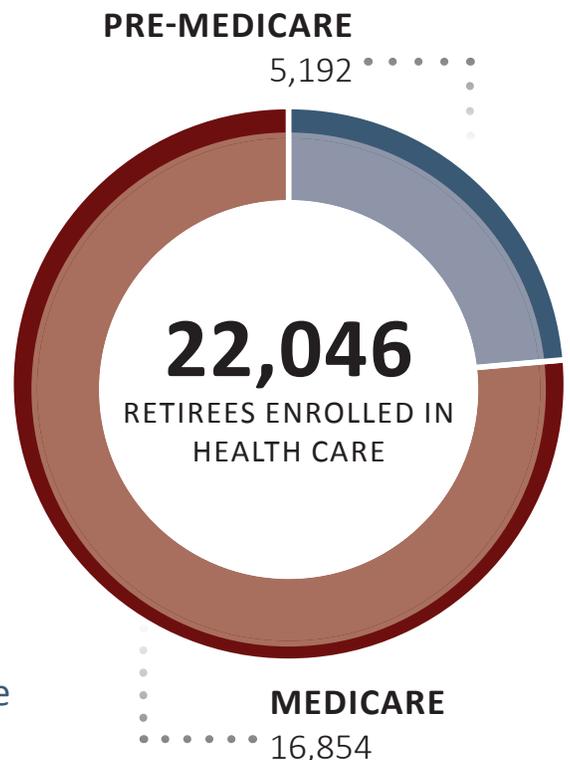
- 51,356** CALLS ANSWERED
- 1,237** E-MAILS ANSWERED THROUGH "QUESTIONS"
- 975** PENSION ESTIMATES PROVIDED
- 959** MEMBER INTERVIEWS CONDUCTED
- 720** ATTENDEES AT THE PRE-RETIREMENT SEMINARS
- 761** WALK-IN MEMBER CONSULTATIONS

HEALTH CARE NUMBERS

Hosted **25** meetings in **7** cities and had approximately **10,000** retirees attend.



Approximately **1,050** retirees registered for one of **3** health care webinars



OP&F

HEALTH CARE



Due to OP&F's independent actuary reporting that the Health Care Stabilization Fund was in danger of becoming insolvent by 2023, the Board of Trustees had to take significant action to ensure that members would have a subsidy for health care into the future.

Therefore, the most significant project for OP&F in 2018 was the retiree health care transition. OP&F remains committed to assisting retired members with finding an appropriate health care plan for both Medicare-eligible and non-Medicare eligible populations and assisting them in the cost of coverage. However, the self-insured group health care plan that has been sponsored since the 1970s became unsustainable. It was determined in 2017 that without significant changes, OP&F's health care fund would be depleted within 10 years.

In 2017, the Board of Trustees voted to end the group-sponsored health care plan and provide retired members with a stipend to use toward health care. A Jan. 1, 2019 date was set for the implementation. The most recent actuarial valuation shows that this change significantly improves OP&F's retiree health care funding. The Jan. 1, 2017 health care valuation projected solvency only until 2025. The Jan. 1, 2018 valuation projected a solvency period of 16 years. The improvement is directly attributed to the transition to a stipend-based health care model for retirees.

Aon Retiree Health Solutions was contracted to assist with the transition. Throughout 2018, trustees, staff and Aon personnel worked to transition approximately 26,000 retirees from the sponsored self-insured group plan to plans on the Aon marketplace with Health Reimbursement Arrangements funded by stipends from OP&F. In 2019, an eligible retiree and their spouse who are not yet enrolled in Medicare can receive \$1,074 per month in support from OP&F. For eligible Medicare retirees and their spouses, the support from OP&F is \$346 per month (which includes the stipend plus the statutory Medicare Part B reimbursement of \$107).

By the end of 2018, 95 percent of Medicare-eligible retirees had successfully enrolled in plans on the Aon exchange. It is anticipated that this group will realize a cost savings of approximately \$1,000 annually with the new stipend plan in place. The transition of the pre-Medicare population was more difficult. While 70 percent of eligible pre-65 retirees did enroll in plans on the Aon exchange, a lack of plan choices and high costs made this a difficult transition.

OP&F has worked with Aon to improve the process for the 2020 open enrollment period, including allowing pre-Medicare retirees to choose qualified plans from outside the Aon exchange and allowing COBRA coverage as a reimbursable expense for new retirees. OP&F continues to work to improve the retiree health care program while extending the life of the plan for future retirees.

OP&F

EMPLOYERS



An important relationship exists between OP&F and more than 900 cities, towns and townships across Ohio who employ firefighters and police officers. A cooperative working partnership with employers is imperative in order to receive contribution payments in a timely manner.

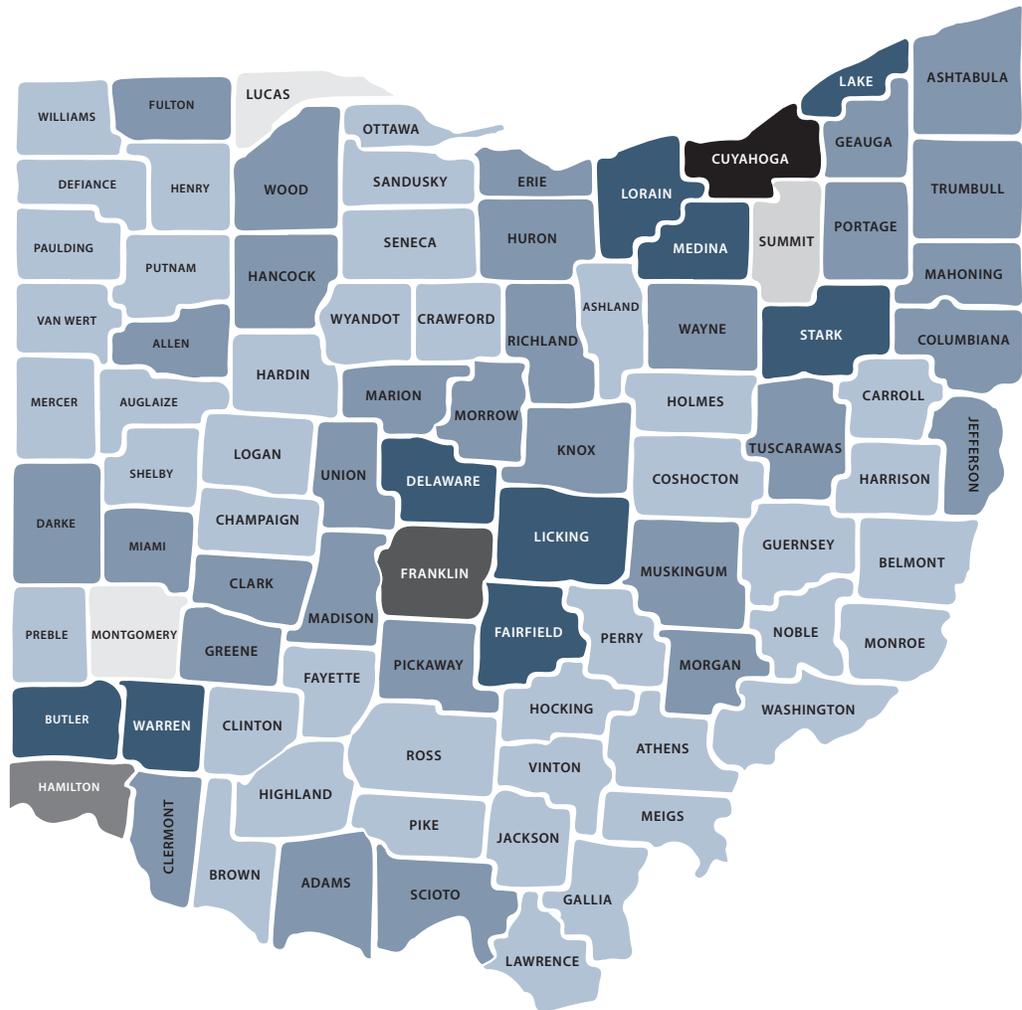
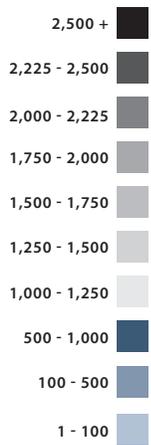
A percentage of a member's pay (12.25 percent) is deducted to help fund pensions, along with a percentage of payroll from the employer (19.5 percent for police employers, 24 percent for fire employers). Accurate and prompt submission of these contribution amounts is vital to properly fund benefits. OP&F's Finance Department works with employers to ensure this process is completed.

The Finance Department serves as a resource center where all employer-related questions are answered and issues can be resolved. Outreach and communications targeted to employers include legislative or procedural changes and training on reporting and payment procedures.

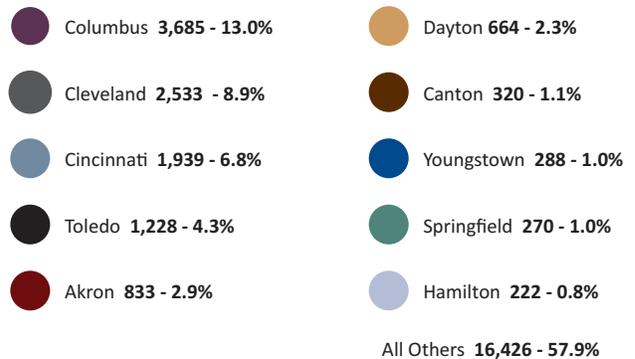
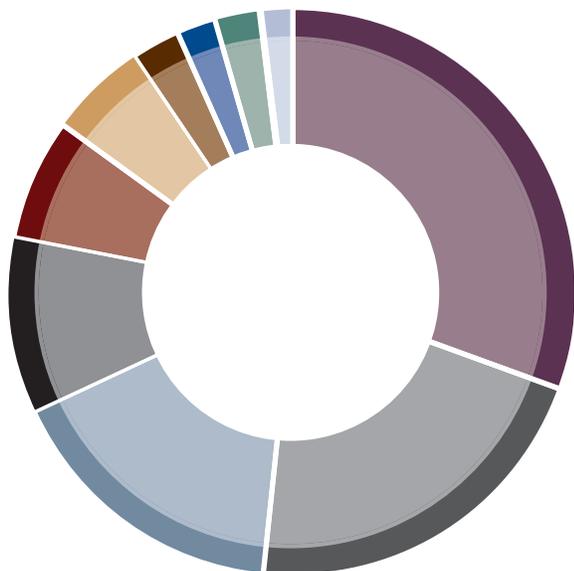
The quarterly Employer Digest newsletter – designed to inform and educate OP&F employers – is now an email-only publication, making it easier and more efficient to get important information to those who need it.



WHERE OP&F ACTIVE MEMBERS ARE EMPLOYED (BY COUNTY)



10 LARGEST OP&F EMPLOYERS



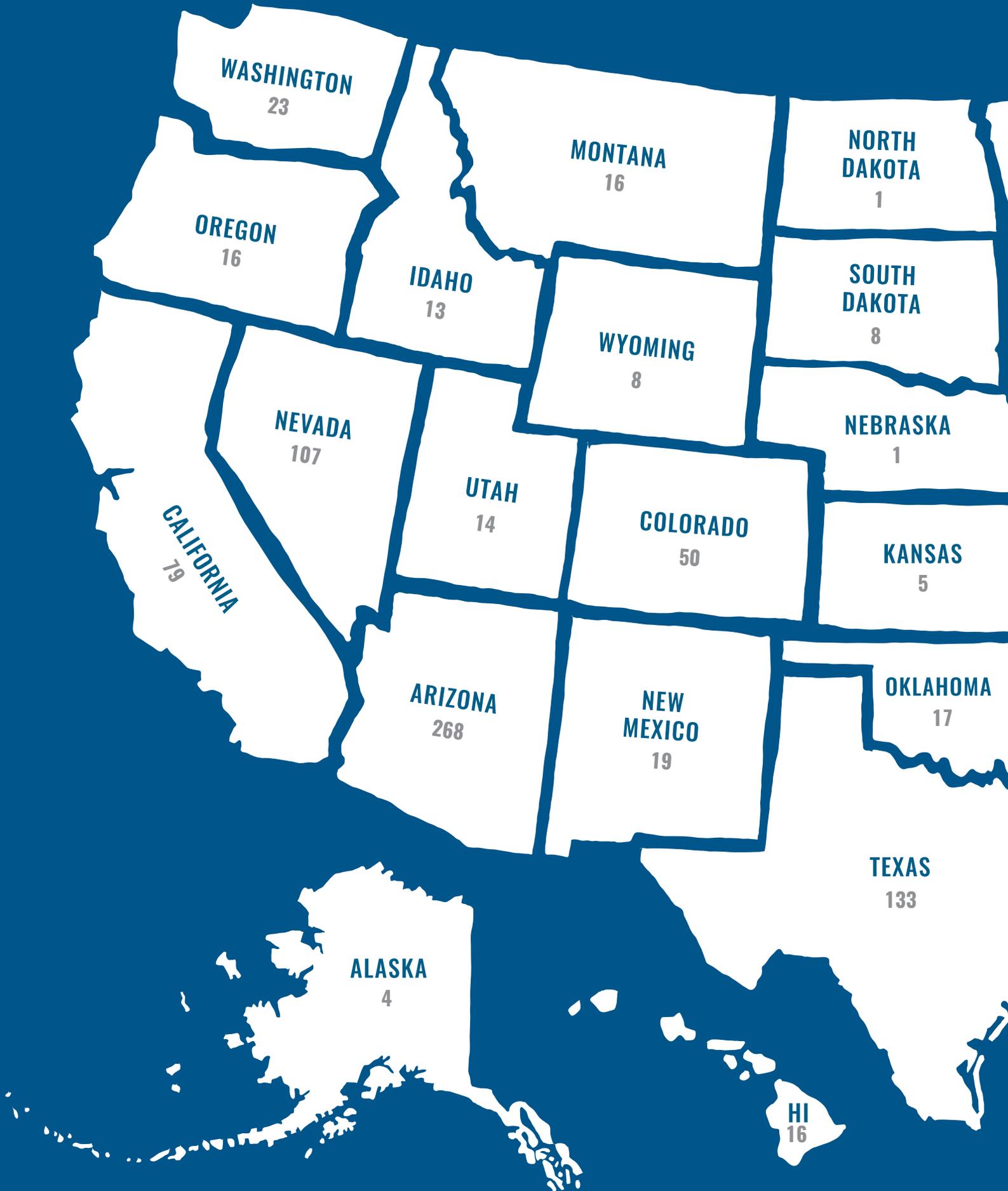


OP&F

STATISTICS









RETIREEES

BY STATE

- CONNECTICUT 1
 - DELAWARE 3
 - MARYLAND 9
 - MASSACHUSETTS 6
 - NEW HAMPSHIRE 5
 - NEW JERSEY 4
 - RHODE ISLAND 3
 - PUERTO RICO 2
 - VIRGIN ISLANDS 1
 - ARMED FORCES 1
- (EUROPE, THE MIDDLE EAST,
AND CANADA)

ACTIVE MEMBER VALUATION DATA

VALUATION AS OF JAN. 1	NUMBER OF EMPLOYERS		NUMBER OF ACTIVE MEMBERS*		AVERAGE ANNUAL SALARY		PERCENTAGE OF AVERAGE ANNUAL SALARY INCREASES		ANNUAL PAYROLL (MILLIONS)
	POLICE	FIRE	POLICE	FIRE	POLICE	FIRE	POLICE	FIRE	
2018	528	398	15,214	13,194	\$76,397	\$77,870	0.8%	0.4%	\$2,209.3
2017	530	396	15,205	12,970	75,772	77,583	3.8%	4.5%	2,180.9
2016	527	388	14,846	12,778	72,976	74,229	4.2%	4.2%	2,060.9
2015	529	388	14,919	12,850	70,033	71,228	1.9%	1.6%	1,986.6
2014	532	386	14,841	12,764	68,724	70,087	0.8%	1.0%	1,942.3
2013	531	380	14,745	12,699	68,163	69,360	1.6%	1.0%	1,913.4
2012	537	380	14,854	12,769	67,094	68,663	2.2%	1.6%	1,897.4
2011	533	384	15,293	12,929	65,649	67,559	2.0%	2.0%	1,868.5
2010	536	385	15,581	13,038	64,373	66,223	1.4%	1.7%	1,895.2
2009	539	382	15,889	13,173	63,480	65,097	3.1%	3.3%	1,900.9

* Includes rehired retirees.

AVERAGE MONTHLY BENEFIT PAYMENTS - SERVICE RETIREMENT

FOR MEMBERS PLACED ON RETIREMENT ROLLS

YEAR	NORMAL	SERVICE COMMUTED	AGE COMMUTED	AGE / SERVICE
2018	\$3,859	\$1,445	\$-	\$3,061
2017	3,797	1,268	-	2,569
2016	3,681	1,444	-	2,724
2015	3,651	1,522	-	2,707
2014	3,606	1,698	-	2,455
2013	3,530	1,292	-	2,590
2012	3,466	1,241	-	2,341
2011	3,442	1,282	-	2,699
2010	3,339	1,374	-	3,016
2009	3,301	1,460	-	2,359



1965-2019

BOARD OF TRUSTEES

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2004-12

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1992-2003

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1965-68, 72-81

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1997-2005

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Dayton Police
1992-98, 2000-03

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Cincinnati Police
1987-91

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1965-67

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1969-71

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Toledo Police
2019

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Attorney General
1970

WILLIAM J. BROWN

Attorney General
1971-82

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1984-90

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1965-71

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Columbus Fire
2019

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Cleveland Police (Ret)
1991-92

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Governor's representative
1984-85

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Columbus Police
2004-06

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2003-19

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Toledo Fire
2014-19

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1971-79

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1971, 76, 79, 87-91

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1979-84

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Representative
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Statutory member
1971-74

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Auditor of State
1975-94

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Attorney General
1991-94

JOHN GANNON

Cleveland Fire
1995-97

WILLIAM GALLAGHER

Cleveland Police, (Ret)
1993-95, 98, 2000-11

KENNETH GEHRING

Toledo Fire
1998-2006

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Treasurer of State's
Representative
2004-08

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Cleveland Police
2005-07

RICHARD GRABILL

Springfield Fire
1971-74

DAVE HARKER

Dayton Fire
1996-2003

KATHLEEN HARRELL

Cincinnati Police
2006-11

SCOTT HUFF

Cleveland Police
2011-15

RICHARD J. HAUCH

Cincinnati Fire
1983-87

J. DAVID HELLER

General Assembly's
Representative
2008-19

RAYMOND B. JORDAN*

Springfield Police
1969-76

ELMER J. KHAL

Cleveland Fire
1980-94

SCOTT K. MAYNOR

Lyndhurst Fire
2006-10

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Dayton Police
1988-94

WILLIAM J. MCNEA

Cleveland Police
1977-87

LAWRENCE P. MILLER

Stowe Police
1987-91

MARCO J. MILLER

Columbus Fire (Ret.)
2019

BETTY MONTGOMERY

Attorney General
1995-2003;
Auditor of State
2004

EDWARD L. MONTGOMERY

Columbus Police
2008-19

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Governor's representative
2018-19

JEFFREY MOORE

West Chester Fire
20014-19

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Treasurer of State
2012-14

PATRICK J. PATTON

Cleveland Fire (Ret)
1979, 97-98, 2000-02

TIMOTHY P. PATTON, JR.

Cleveland Police
2015-19

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LAWRENCE G. PETRICK, JR.
Shaker Heights Fire
2004-14

CHARLES PETRO
Lakewood Police
1965-67

JAMES PETRO
Auditor of State
1995-2003;
Attorney General
2004

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Mariemont Fire
1965-70

DANIEL F. ROSS
Bucyrus Fire
1995

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Governor's representative
2014-17

TOM RAVE
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1994-95

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Columbus Police
1971

WILLIAM B. SAXBE
Attorney General
1965-68

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Cincinnati Fire
1974-77

EDWARD SCHUELE
Governor's representative
1965-71

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Columbus Fire
1981-94

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Governor's representative
1969-70

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Treasurer of State
2015-19

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Cincinnati Fire (Ret)
1987-91

JOHN WAINSCOTT
Cincinnati Police (Ret)
2011-19

JOSEPH WALTER
Toledo Fire
1991-98

KEVIN M. WATTS
Lancaster Fire (Ret)
2002

CLARK WESTFALL
Akron Police
1995-99

PATRICK WHITE
Cleveland Police
1991-95

GERALD R. WILLIAMS
General Assembly's
Representative
2004-08

DAVID A. WITNER
Cuyahoga Falls Fire
2010-14

STEVE YOUNG
Marion Police
1995-99

JOHN J. GALLAGHER, JR.
2013-PRESENT

WILLIAM J. ESTABROOK
2001-2012

ALLEN J. PROCTOR
1997-2001

WILLIAM J. ESTABROOK
1996-1997

HENRY E. HELLING
1988-1996

L. PAUL ROSS
1974-1988

FRANKLIN A. KROPP
1966-1974

**Served as a trustee as both an active and retired member.*



Ohio Police & Fire Pension Fund

PRUDENCE | INTEGRITY | EMPATHY

*Securing the future for Ohio's police
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