



NEWSLETTER

Issued by PUBLIC EMPLOYEE RETIREES, INC.

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OCTOBER, NOVEMBER, DECEMBER 2000

LEGISLATIVE REPORT

By John Gilchrist



Governor Bob Taft has recently signed three bills into law that will provide benefit enhancements for PERS members and benefit recipients. The strong performance of the financial markets in

recent years and the past funding and investment policies of the PERS board have made it possible for PERS to provide these enhancements.

HOUSE BILL No. 628

As it relates to current retirees, H.B. No. 628 provides two important pension enhancements. In fact, by the time you receive this Newsletter, you will have received one or both of the pension enhancement provided by H.B. No. 628. The first provision allows current retirees, beneficiaries, and disability recipients to have their benefits recalculated using a new 2.2% multiplier. The current multiplier is 2.1% for the first 30 years and 2.5% for years over 30. (The current 2.5% multiplier used for years over 30 will remain the same as current law.) The 2.1% multiplier has been used since 1989; prior to that it was at 2%.

As you are aware, an individual calculates a regular PERS retirement benefit by taking his or her final average salary and multiplying it by 2.1%. This amount is then multiplied by the years of service to determine the yearly retirement benefit.

Again under the new law, a retiree, beneficiary, and disability recipient will have his or her benefit recalculated using the new 2.2% multiplier for the first 30 years. This recalculation will provide an increase in the retirement benefits; the actual increase to a retiree will depend upon the year and the circumstances under which he or

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PERI OFFICERS

Officers for 2000-2001 are, from the left, William J. Kuhner, 1st V.P.; Marjorie Belville, Treas.; Lucille Critchfield, Pres.; Donald Moyer, 3rd V.P.; and Lois Downour, 2nd V.P.



TOTH SAYS PERS PROGRAMS ARE WELL FUNDED

Neil V. Toth, PERS assistant director and investments officer, told PERI members that the primary investment goal at PERS is to secure statutory payments and other benefits provided by the System. In order to meet this objective, prudent risk taking with the investments without jeopardizing the System is necessary. PERS would also like to earn a sufficient return to improve benefits periodically and to keep the System's cost reasonable for employees and employers, he added.

PERS is the 10th largest public pension system in the U.S. and in the past six years our net worth has grown from \$27,370 billion to \$59,816 billion. Our actuarial rate of return has been fairly good over the last three years. But it could have been better. If we had invested a little more aggressively, like our peer groups, increasing our equity, we could have earned a few more percentage points. This would have translated into quite a lot of money. It would have enabled us to improve benefits even further.

The good news is that our rate of

CRITCHFIELD RE-ELECTED PRESIDENT OF PERI

Lucille Critchfield of Mansfield has been re-elected as president of PERI. She has served in the position for the past year.

Also re-elected are William Kuhner Jr. of Chillicothe, 1st vice president, and Lois Downour of Toledo as 2nd vice president.

Donald Moyer of Zanesville was elected 3rd vice president.

Marjorie Belville of Logan was re-elected as treasurer.

return has exceeded the interest rate assumption, allowing our system to become well funded. Our investment program was quite conservative before 1999, but our consultants have recommended that we increase our commitment to U.S. and international stocks, like our peer groups, in expectation of getting a better return on our assets. The goal is to obtain a decent investment return while keeping the cost of managing the assets down. The investment management department at PERS is very efficient and cost effective, managing about 75% internally with PERS employees.

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HACKING NOTES STRENGTH AND VITALITY OF PERI



Laurie Fiori Hacking, Executive Director of PERS, told members at the PERI Annual Meeting that one of her first moves when she came to Ohio at the beginning of the year was to meet with the PERI Board of

Trustees. She said she was immediately impressed with the strength and vitality of the organization, as well as the knowledge board members had of legislative issues and their advocacy in the Legislature.

Mrs. Hacking noted that in the last 20 years PERS has gone from having a ratio of 50% assets to liabilities to a ratio of 100% assets to liabilities. The reason, she explained, is the strong financial markets and the performance of the System's investments during that period. This enabled PERS to afford some significant benefit improvements. She noted that the State Teachers Retirement System and the School Employees Retirement System were not as well funded as PERS, their ratios being between 75% and 80%. She went on to say that over the last 20 years PERS has reduced its unfunded liability to now having a financial surplus.

She explained the benefit improvements that have been enacted in 2000. Active employees who terminated employment before they became vest-

ed saw increased refunds and survivors of employees who died saw increased benefits. Both active employees and retirees saw a higher benefit formula. These increases appeared in the October checks.

Mrs. Hacking said that health care is one of the important benefits offered to our retirees. At this time the healthcare reserves are adequate to cover provided services. PERS has \$11 billion in assets set aside to finance healthcare, which continues to grow and far exceeds our other annual expenses.

The Executive Director commented on the move, from outside vendors, to get the Legislature to establish defined contribution plans. To counter this outside influence, the PERS Board endorsed legislation that would allow it to provide a defined contribution plan option that would be under the supervision of PERS. She stated that the System would be reaching out to PERI for input and comments and would keep the organization fully informed on future plans.

Mrs. Hacking concluded her report by talking about improving customer service at PERS. The System is focusing on reducing the turnaround time for processing member requests. It is investing in new technology to improve service as well as trying to accommodate more requests by phone, which will require an increase in phone center staffing.

SUMMIT COUNTY CHAPTER CELEBRATES 15 YEARS

Summit County Chapter 21 celebrated its 15th anniversary (crystal) at its Oct. 3, 2000 meeting.

From a core of 11 people getting together in October 1985, and with Alvin Castile as president and the driving force for the first four years, the chapter has emerged a viable unit with over 100 members. Then, as now, a devoted telephone committee calling retirees to come together for fellowship and information helped the chapter grow. The amazing dedication of past presidents and elected officers who served repeatedly over the 15 years were given special recognition by the members.

The high quality of programs with emphasis on topics concerning members' personal welfare as well as diverse talks on matters of special interest in the

community and lighter programs of music has kept the meetings well attended. December is our annual meeting and gift exchange.

To give relevance to our celebration we asked Mrs. Lucille Critchfield, president of PERI to be our guest and speaker. As keynote speaker she emphasized the importance of strong chapter involvement, especially when issues are in debate in the Legislature and commended the chapter on its high membership. Her talk was well received and very informative.

Meetings are held at the Tangier Restaurant in Akron with lunch at 12:00 P.M. on the first Tuesday of every other month starting in February. The meeting follows lunch. Dorothy Briggs is president of the chapter.

WINEGARNER CLAIMS PERI WEBSITE CAN IMPROVE SERVICE

William Winegarner, PERI administrator, reported that "We have continued to work on our ability to quickly and accurately record information to our membership as well as to our chapter officers and board of directors. One of the ways we have been able to do this is by developing the PERI website, which is on the Internet."

He discussed the value of using the website and how to use it. He noted that many seniors are either learning to use computers or have children or grandchildren who can help them access this information.

The first thing that appears on the website, he said, is the "home page", which discusses the difference between PERI and PERS and gives information on how PERI protects pensions and benefits. Some of the other information on the website includes PERI's mission statement, goals, explanation of membership benefits, membership application and chapter forms.

Another page that will be very helpful in answering the question, "What has PERI done for me?" is titled "PERS and PERI History." This page shows the legislative action taken by members of PERI and the resulting benefits granted by PERS.

The legislative news page is a communication page and is updated quite frequently to give members the latest information. The Ohio General Assembly's webpage and the U.S. Congress webpage can be accessed from this page, and members of the Ohio Legislature can be contacted.

The PERI webpage also includes a newsletter archive and chapter information as well as chapter forms that can be printed out.

Another important feature of the website is the ability to contact local chapter or district leaders as well as PERI directly. The ability to quickly communicate accurate information to the PERI legislative network, by way of its districts and chapters, is one of the strongest tools of the organization. This is because members can contact the appropriate legislators at the right time. The website also enables PERI to communicate with those members who live outside the state of Ohio.

DISTRICT AND CHAPTER MEMBERSHIP WINNERS

Awards were given at the PERI Annual Meeting to the winning districts and chapters which participated in this year's Membership Rewards Program. *(Photos by Terri Lee.)*

AUGLAIZE COUNTY CHAPTER



The Auglaize County PERI Chapter is a winner. This past year Chapter 9 won the award for the most members in relationship to eligible members in the county.

In the photo, Lucille Critchfield, PERI president, presents a certificate of recognition and check to Mary Alice Stoner of Saint Mary's who is the chapter vice president. The chapter membership includes 83.86% of those retirees residing in Auglaize county who are members of the state organization.

The awards were made at the association's 29th Annual Meeting held recently in Columbus.

CUYAHOGA COUNTY CHAPTER



One of the three Cuyahoga County PERI Chapters, Chapter 89 - Parma Heights, is a winner. This past year the chapter maintained the largest number of chapter members in Ohio.

In the photo, Lucille Critchfield, PERI president, presents a certificate of recognition and check to Vicki Huber, chapter vice president. The chapter has a membership of 401 retirees.

The awards were made at the association's 29th Annual Meeting held recently in Columbus.

ATHENS COUNTY CHAPTER



The Athens County Chapter 44, of PERI is a winner. The chapter won the award for the greatest percentage of membership growth in competition with PERI's 93 other local chapters throughout the state of Ohio.

In the photo, Lucille Critchfield, PERI president, presents a certificate of recognition and a check to Byron James, chapter president. The chapter increased its membership by a record setting 489.29% since the first of the year.

The awards were made at the association's 29th Annual Meeting held recently in Columbus.

DISTRICT 2



District 2 is a double winner. Allen, Auglaize, Hardin, Mercer, Paulding, Putnam, Shelby, and Van Wert counties make up District 2 for PERI. This past year the district captured the awards for having the most chapter members and for having the greatest percentage of local chapter members to eligible state members.

In the photo (on the left) Lucille Critchfield, PERI president, with Evelyn George of Botkins, the district representative. The district will receive certificates of recognition and cash awards for their successful efforts.

The awards were made at the association's 29th Annual Meeting held recently in Columbus.

DISTRICT 8

District 8 is a double winner. Athens, Hocking, Monroe, Morgan, Muskingum,



Noble, Perry, and Washington counties make up PERI District 8. This past year the district captured the awards for having the greatest percentage (608.90%) of local chapter membership growth and for having the greatest percentage (33.09%) of state membership growth within the district.

In the photo (on the left) Lucille Critchfield, PERI president, with Don Moyer from Zanesville, the district representative. The district will receive certificates of recognition and cash awards for their successful efforts.

The awards were made at the association's 29th Annual Meeting held recently in Columbus.

TOTH

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Because of the size of the Retirement System, Mr. Toth said we have had to make large commitments to several companies in terms of investments. They have outperformed the index without additional risk. One way we have done that is to hold a lot more mortgage securities and corporate bonds, managed by various external advisors. Our real estate investments include apartment units, office space, retail, industrial, hotels and undeveloped land in several U.S. states.

PERS has hired consultants who are advising us on how to meet our investment initiatives, which include improving our investment returns, our internal management and enhancing our external relationships. Improvements in internal management include upgrading our technology and attracting and retaining skilled employees. Enhancing our external relationships includes retaining a leading investment advisor for our board and staff and to partner with key investment management organizations as well as with area colleges and universities.

CRITCHFIELD THANKS VOLUNTEERS FOR THEIR SUPPORT OF PERI

Pres. Lucille Critchfield told members at the PERI Annual Meeting that one of our goals has been to accomplish the most for the least amount of money, to keep the dues low enough so all retirees can participate. This goal, she added, has been achieved because of all the volunteers who give of their time and energies in our chapters and districts as well as those who serve on our Board of Trustees.

At present our income exceeds our expenses. Our balance sheet shows that we have accumulated a lot of assets, but most of that money is in our Life Membership Trust Fund. In other words, it is the prepayment of yearly dues for life members.

Pres. Critchfield said that our regular dues cover our annual operating expenses. Every month a financial statement is sent to each of our chapter presidents so our members can know where we stand that month. Our computer coding allows us to show how the money is allocated.

Pres. Critchfield thanked all chapter members, chapter officers and legislative chairpersons on the chapter and district levels for the tremendous job they did this past year. She noted especially the job done in contacting state senators and representatives in order to Secure Passage of HB 628.

She warned that next year will be even harder: there will be a lot of new faces in the Ohio Statehouse because of the term limits. The new legislators will have little or no knowledge of PERI, or background on retirement issues. PERI members are going to have to get acquainted with them, talk with them, and invite them to local chapters in order to keep our benefits intact.

LEGISLATIVE REPORT

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she retired. (It should be noted that the benefits of retirees who received a benefit at retirement equal to 100% of their FAS will not receive an increase under the recalculation.) For illustration purposes, we provide the following example of how an individual's benefit may increase:

A member retired in 1990 with a final average salary of \$25,000 and 32

GILCHRIST CALLS PERS ONE OF BEST

"We would all agree that PERS is probably the greatest retirement system in the country, John Gilchrist told members at the PERI Annual Meeting. Mr. Gilchrist is PERI legislative agent in the Ohio Legislature.

He noted that PERS is fully funded, well managed and in great shape, witnessed by the recent passage of HB 628, which gives each retiree an increase in retirement benefits. Because PERS is in such great financial shape, a lot of outside interests would like to get their hands on the money. For example, there is a bill in the Legislature that deals with providing venture capital for technology. It takes a large amount of money to lure these technology companies to Ohio, and PERS is a desirable source of income, as are the State Teachers Retirement System and Workman's Compensation. We are very skeptical about bills that come before the Legis-

lature that require the Retirement Systems to provide funds for venture capital. "The PERI Board has instructed me to watch for these kinds of bills," he explained.

Mr. Gilchrist stated that he does not think Social Security is as bad off as some would like us to believe. He believes there are special interest groups that want to make S.S. an issue, and to scare people into believing that it needs some major overhauls. They would like to see people be allowed to purchase financial products to enhance their retirement benefits through S.S. The purpose of their scare tactics is to get some momentum going in Congress so they will make some changes in S.S.

One of the changes would be the ability of various companies to sell their products. Another purpose is to get all of the state retirement systems to merge with S.S. to help the system.

years of service credit:

$\$25,000 \times 2.1\% \times 30/12 = \$1,312.50$
 $\$25,000 \times 2.5\% \times 2/12 = \104.16
 $\$1,416.66$
per month

The recalculation for that member would be as follows:

$\$25,000 \times 2.2\% \times 30/12 = \$1,375.00$
 $\$25,000 \times 2.5\% \times 2/12 = \104.16
 $\$1,479.16$
per month

This is a \$62.50 increase; in reality the increase may be more once the COLAs and previous ad hoc increases are factored.

It should be noted that for law enforcement members, 2.5 percent of final average salary for the first 25 years of service will be used in the retirement recalculation. Currently, for law enforcement members 2.5 percent is used for only the first 20 years of service and 2.1 percent is used for all years thereafter.

Under the second provision of the new law, current retirees who retired prior to 1980 will receive an ad hoc increase. These retirees will be given the ad hoc increase because inflation has eaten away more than 15 percent of the original purchasing power. This ad hoc increase will restore these retirees to 85% of the purchasing power of their original benefit.

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POLLAND NAMED NEW DISTRICT 8 REP.



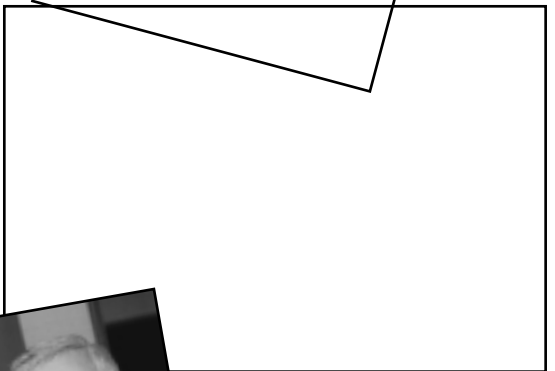
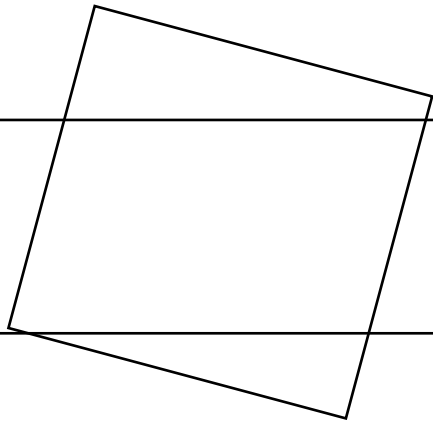
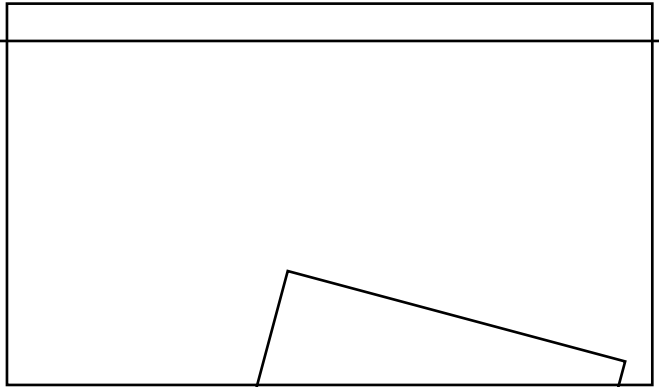
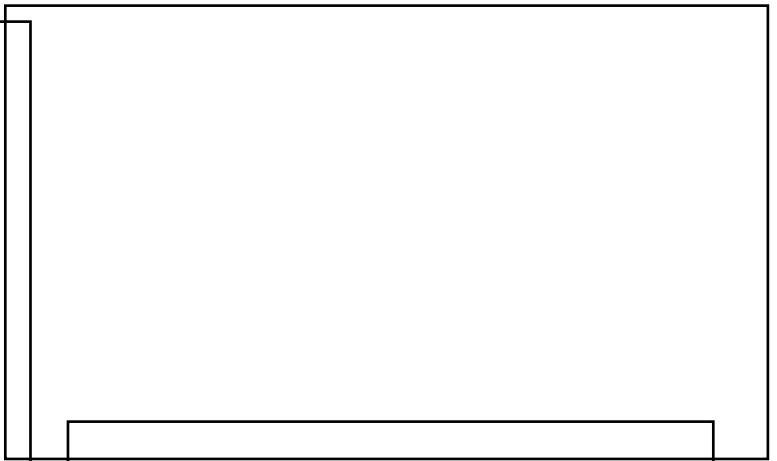
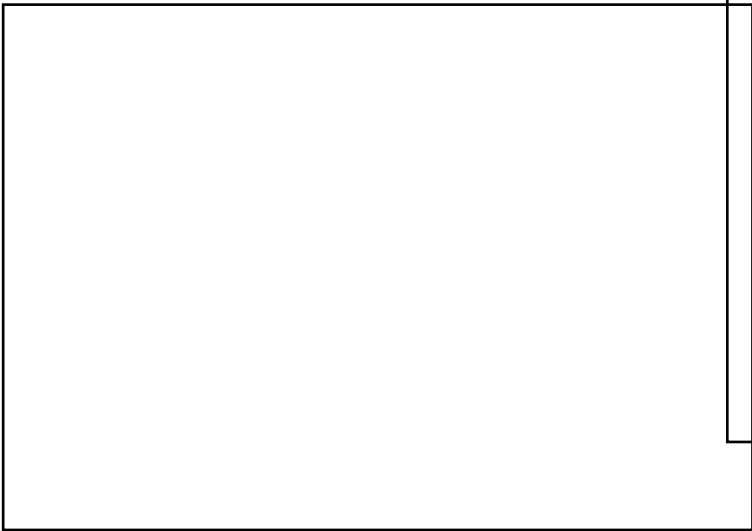
Robert C. Polland is a new member of the PERI Board of Directors, representing District 8. He will represent Muskingum, Perry, Hocking, Athens, Morgan, Noble, Washington and Monroe.

A graduate of Zanesville Lash High School, he also graduated from the Muskingum Area Technical College and completed a Workers Compensation Management Program at Ohio State University.

Mr. Polland served the U.S. Army in New Guinea, the Phillipines and Japan from 1942 to 1945. He then worked for Mosiac Tile for 20 years and for the State of Ohio as a field examiner. He was assistant district director for District 15 in Zanesville until his retirement in 1991.

He served on the Muskingum County Children's Services Board for 20 years and was elected to board of directors of the Ohio Civil Service Employees Assoc. and served for 10 years.

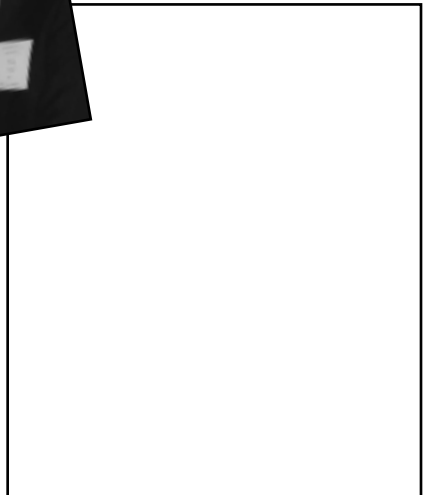
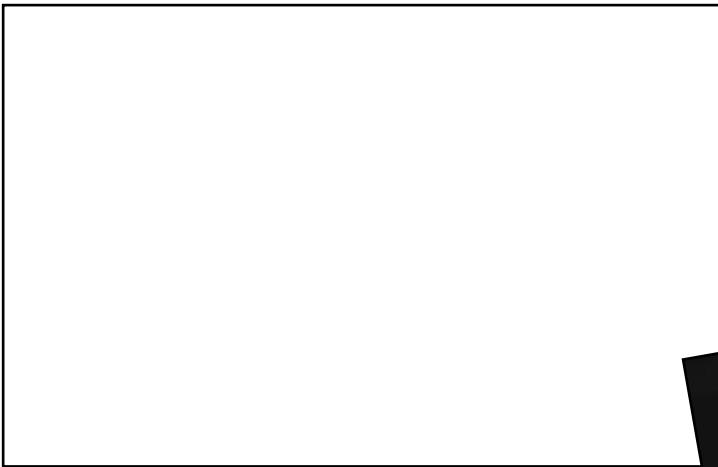
He reactivated the Muskingum PERI Chapter and served as president for 5 years. Recently he has served as chapter legislative agent and as District 8 legislative agent.



PERI'S 2000 ANNUAL MEETING

A record 400 PERI members from around Ohio attended the annual meeting in Columbus. Before the business meeting, they picked up their tickets, enjoyed coffee and cake, and visited with other members and representatives of various health care insurance and pension providers.

Photos by Terri Lee



A MESSAGE FROM YOUR PRESIDENT



Our Annual Meeting in September was one of the most informative and easily understood meetings we have held. Over 400 of our members were in attendance to hear reports from our administrator, treasurer, and legislative counsel. Our key note speakers were Neil Toth, PERS's chief investment officer and Laurie Hacking, PERS's executive director. Both of their presentations included charts and graphs that illustrated how our pension funds were being invested and how our retirement system was organized. Richard Schumacher, the past executive director of PERS, and a PERI Life Member, was also in attendance. Richard was the man who guided our retirement system to the point where it became one of the best, if not the best, retirement systems in the country.

It looks like the rest of this year will be pretty quiet on the legislative front, so we are utilizing this time to prepare for next year. There are several issues that are of concern to us. The flat 3% COLA legislation we hope to have introduced the first of the year, the proposal before the Ohio Retirement Study Council (ORSC) to merge the School Employees Retirement System (SERS) healthcare with PERS's, and the Social Security Offset legislation, which is a major issue to many of our members.

At our annual meeting, John Gilchrist, our legislative council, addressed the first two issues; and our administrator, Bill Winegarner, gave an overview of the political environment that surrounds the offset. He passed out a history of

PERI's involvement in attempting to secure a reduction to the offset.

I want you to know that PERI will continue to keep these issues on our top priority list.

To me the most rewarding part of the annual meeting was being with some of our members. I love your smiling faces and the many warm hugs I received. I missed those of you who couldn't make it, but I want you to know how much I appreciate your support of our association. Many of you can't make the drive and I definitely understand. The Board of Directors and I really do know what you do and how important you are to our ability to succeed on the legislative front. So thank you, thank you, and thank you.

In closing, I want to wish you the happiest of holidays.

Lucille Critchfield

LEGISLATIVE REPORT

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There is another provision in the new law with which the Association has concerns. This is the provision that will require PERS to establish defined contribution plans (alternative retirement plan). The Association has been opposed to the establishment of these alternative retirement plans. However, if we must have these alternative retirement plans, PERI would prefer having them established, offered, and operated by PERS as opposed to the structure contemplated by other bills currently pending before the Ohio General Assembly.

SENATE BILL No. 144

This new law provides a greater dis-

tribution to an employee who leaves public employment and who takes his money out of the system; it also applies if a member dies prior to retirement and the survivor takes a refund. Under the provision, if a person worked: (a) 0-5 years, he will receive his contributions with interest; (b) 5-10 years, he will receive his contributions with interest and then he will receive an additional amount equal to 33% of his contribution plus interest; (c) 10 or more years, he will receive his contributions with interest and an additional 67% of his contribution plus interest. The interest rate credited on the member's contribution, for the vast majority, will be 4% annual compound interest. It should be noted that these additional amounts are not paid if the member is a reemployed retiree. Nor does it apply to sheriffs, deputy sher-

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Lucille CritchfieldPresident
 William J. Kuhner, Jr.1st Vice President
 Lois Downour2nd Vice President
 Donald Moyer3rd Vice President
 Marjorie BelvilleTreasurer
 William E. CovertPast President
 William I. WinegarnerAdministrator
 Terri LeeBookkeeper
 Howard E. FrisbeeEditor
 John GilchristLegislative Agent

District Representatives

Leland Codding	Joseph C. Speakman
Bill Cook	Beverly Sycks
Evelyn George	Stanley C. Wyllie
Mary McDowell	Earnest J. Wymer
Robert Pollard	Frank Vaughan

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