



Highway Patrol Retirement System

Newsletter

September 2015

Preparing for retirement: How well do you know your options?

Is your house paid off? Do you have significant savings? Do you have investments? Have you contributed greatly to Deferred Compensation? Would your family be taken care of if the worst were to happen?

These are questions you have to consider when you are getting ready to retire. For members whose families will rely primarily on the member's pension, it is worth considering a Joint Survivor Annuity, or "JSA". The two most popular ways retirees receive their pension is through a JSA or a single life annuity. In a single life annuity, a retiree receives a higher pension for life with nothing left to his or her spouse except for survivor benefits. With a JSA, the retiree receives slightly less per month but his or her spouse receives a pension payment in addition to the 50% survivor benefit after the retiree passes away. So, when you consider the questions listed above, you have to decide whether you need to leave some of your pension to your spouse (or other beneficiary) or not. Here is what a JSA looks like compared to a single life annuity. The comparison shows what a member will receive during his/her life and what a spouse will receive if the member dies:

Member Name:	Doe, John	DOB:	8/19/1967
Spouse Name:	Doe, Jane	DOB:	2/22/1967
Annual Pension	\$ 48,000		
Monthly Pension	\$ 4,000		
	<u>Singe Life</u>	<u>JSA</u>	<u>JSA</u>
	<u>Annuity</u>	<u>Option 1</u>	<u>Option 2</u>
Payable to Member	\$ 4,000	\$ 3,736	\$ 3,809
If Member Dies:		-7%	-5%
	<u>Option 3</u>		
50% Survivor Benefit	\$ 2,000	\$ 2,000	\$ 2,000
JSA Payable to Surviving Spouse	\$ -	\$ 1,736	\$ 1,257
Total Payable to Surviving Spouse	\$ 2,000	\$ 3,736	\$ 3,257
		87%	63%
			\$ 2,963
			48%

As you can see, the difference between what a surviving spouse gets with a single life annuity and what he/she gets with a JSA can be significant. In JSA Option 1 above, a surviving spouse receives 87% more than he/she would if the member had a single life annuity, while you, as the retiree, receive only \$264 less each month. Lower % JSA options are also available. So, if you decide you have some savings but your spouse could need a bit more, you could choose an option (like Option 3 above) where you take \$156 less each month and if you passed away, your spouse would get \$963 more than he/she would with a single life annuity. Of course, these numbers will change depending on your pension amount and the age of your spouse.

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HPRS: Actuarial Update

HPRS has had favorable investment returns during the last several years. This coupled with pension reform legislation in 2012 have greatly strengthened the financial position of our retirement system.

Our most recent actuarial valuation report for year ending December 31, 2014, was just released, and our unfunded actuarial accrued liabilities are expected to be amortized over a 29-year period. This is a reduction of one year from year-ending 2013. Our funded ratio has increased to 70.3%, up from 59.5% in 2011.

Our health care fund also has shown improvement from 2013, increasing its solvency period by four years to 2029.

As you know, investment returns are critical to the solvency of any pension system; ours is no different. As you watch the recent volatility of the markets,

please keep in mind we are in this for the long term. Yes, it is concerning when the markets decline in the short-term, but the Board has wisely diversified its investments to best position HPRS well into the future.

Board News

At the August 20th Retirement Board meeting, Captain Carl Roark was elected Chairman of the Board, and Major (ret.) Darryl Anderson was elected Vice-Chair.

Additionally, Lt. Andre Swinerton was sworn in for his next four-year term as an employee-member of the Board.

We congratulate these Board members on their elections and thank all Board members for their service to HPRS.

Preparing for Retirement, Continued

A JSA is not for everybody. Members should consider their financial situation before deciding which option makes the most sense. Whether a member selects a single life annuity or a JSA, the actuarial cost is the same to the retirement system. In the end, you have to ask yourself, if you were to pass away sooner than you expected, is 50% of your pension enough to sustain your spouse or does the amount need to be increased? In some instances, the 50% would be enough because of the investments you have made (perhaps in Deferred Comp.) or the savings you have - or your spouse might have a pension of his/her own. In other instances, perhaps you need only to supplement your spouse's income by a little bit. We just want to be sure that our members are aware of the various options - each member's situation is unique. If you have any questions or would like to discuss these options in further detail, please call HPRS. We will be happy to run some numbers for you and further explain the implications of your pension choice.

Make Your Reservations!

The OSHP Retirees' Association Annual Meeting and Banquet will be held on Saturday, October 31, 2015, at The Doubletree Worthington, 175 Hutchinson Ave., Columbus, Ohio. Reservations and funds must be received by October 16, 2015. For more details, please visit www.ohprs.org and click on "Upcoming Retiree Events".

The 29th Annual Snowbird Reunion will be held at the same location as last year: The International Palms Resort and Conference Center in Orlando, Florida, on March 3-6, 2016. Although the reservation deadline is February 2, 2016, please do not delay in signing up. For reservation information, please visit www.ohprs.org and click on "Upcoming Retiree Events".

2015 North Coast Sunbird Reunion

The North Coast Sunbird Reunion was held on August 15th at the Ohio Veteran’s Home Pavilion in Sandusky, Ohio. Approximately 125 retirees and active members were in attendance. Thanks to the Manleys and Ferenczs for their efforts in again hosting this event.



Our office will be closed on —

November 11 (Veteran’s Day)

November 26 & 27 (Thanksgiving)



Open Enrollment

The open enrollment period for 2016 health care is November 1- 30. If you would like to change your health care coverage in any way, please complete a new Health Care Election Form, located at www.ohprs.org, under “Forms”. Please keep in mind you need to contact HPRS if you have any change in employment status. If you do not have any changes, coverage will continue as previously selected.

HPRS Investment Returns

Date	Investment Portfolio Market Value	YTD Increase/(Decrease)
7/31/2015 (est.)	\$851,568,000	2.8%
12/31/2014	\$849,000,000	6.5%
12/31/2013	\$813,953,000	19.6%
12/31/2012	\$717,036,000	11.9%
12/31/2011	\$679,404,000	



HPRS Facts & Figures

	Number	Average Pension Benefit	Average Age
Service Retirees	1,145	\$44,108	66.5
Surviving Spouses/Children	252/20	\$17,396/\$2,377	75.1/22.7
Disability Retirees	124	\$34,283	54.0
Total	1,541	\$38,427	66.4

Data as of 9/3/2015

IMPORTANT NEWS!

For 2016, the HPRS Board has approved the Employee Contribution Rate at 12.5% and the COLA is set at 1.25%

The DROP interest rate for July 1, 2015 to December 31, 2015 has been set at 1.39%.

Please remember to get your flu shot in advance of the upcoming flu season!

HPRS Board of Trustees

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