



2019
POPULAR ANNUAL
REPORT

FOR YEAR ENDED DECEMBER 31, 2019

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
PERFORMANCE



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ABOUT

OP&F

In 1965, the Ohio General Assembly created OP&F 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 53 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 nearly 29,000 active members and more than 29,000 retirees and their beneficiaries.

MONROE
TOWNSHIP
501





DANIEL DESMOND
Chair, Board of Trustees



JOHN J. GALLAGHER, JR.
Executive Director

MESSAGE FROM THE BOARD CHAIR & DIRECTOR

We can call 2019 a year of transition, as significant changes took place at the Ohio Police & Fire Pension Fund. However, it also marked a time of continued reliability and stability.

The first day of 2019 marked a new era in how we provide health care assistance to our retired members. Since 1974, OP&F had sponsored a self-insured health care plan for retirees. Over time, this model became more expensive for both OP&F and the membership. In 2018, it became clear that the self-insured group plan was not sustainable. In its place, OP&F provided a stipend for retirees to purchase plans of their own.

This significant transition was difficult and we appreciate our member's patience as we implemented the new plan and made necessary adjustments. The result so far is as intended – significantly extending the solvency of our health care fund while continuing to provide meaningful health care support for our retirees.

Another transition came midway through the year as we welcomed three new trustees to our Board. Our gratitude goes out to the former trustees who made valuable contributions to OP&F. We compliment the new members of the Board for stepping in at a difficult time and quickly learning the challenges and importance of their roles. We welcome the perspectives and ideas of these new trustees. While they may be new to the Board, they have been long-time OP&F members and leaders within their communities.

Investment returns in 2019 were impressive, as the portfolio value experienced a 17.2 percent net return for the year, well above the 8.0 percent assumed rate. Our funding picture remained stable and within the state mandates as of Jan. 1, 2019. With the excellent investment returns, we are optimistic that our funding status will again be compliant when the next actuarial study is completed in October 2020.

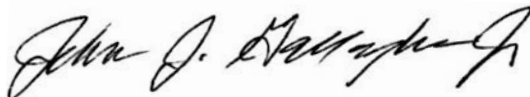
Of course, the positive funding and investment news from 2019 is tempered by what we have all experienced so far in 2020. While it remains to be seen what the rest of the year has in store, our members can be assured that their benefits are safe and secure.

Sincerely,

Daniel Desmond, Chairman, Board of Trustees



John J. Gallagher, 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 program 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 three additional 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



DANIEL DESMOND

CHAIR - Active
Toledo Fire
Trustee since 3/6/14
Term exp. 12/1/2020



JOHN WAINSCOTT

VICE CHAIR - Retired
Cincinnati Police
Trustee since 11/16/11
Term exp. 12/1/2020



ROBERT E. BRITT, II

Active
Toledo Police
Trustee since 6/3/19
Term exp. 6/4/23



STEPHEN A. CORVI

Active
Columbus Fire
Trustee since 6/03/19
Term exp. 6/04/23



MARCO J. MILLER

Retired
Columbus Fire
Trustee since 6/03/19
Term exp. 06/04/23



EDWARD MONTGOMERY

Active
Columbus Police
Trustee since 12/18/07
Term exp. 12/1/2020

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 manage their respective departments and provide information and institutional knowledge required for the Board of Trustees to make well-informed decisions. The executive staff relies on OP&F's diverse and talented employees to 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 149 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
- » Legal

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, Imaging and Mail services (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 contributions from our members. 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 OVERVIEW

OP&F receives virtually all of its funds from either investment earnings, employer contributions, member contributions, state subsidies or reimbursements. Additions to the fiduciary net position were \$3,273.0 million in 2019 which included contributions received from employers and members as well as depreciation on investments due to a positive return of 17.89 percent.

Contributions decreased by 4.7 percent in 2019. This decrease is due to the transition on Jan. 1, 2019 from a self-funded retiree group health care plan to a tax-free reimbursement stipend program. Under the new stipend plan, benefit recipients no longer have health care contributions deducted from their benefits payments.

The statutory employer contribution rate remained unchanged from the prior year at 19.5 percent for police employers and 24 percent for fire employers. The statutory member contribution rate also remained unchanged from the prior year at 12.25 percent for both police and fire members. Both member and employer contributions are due monthly.

Funds are derived from the excess of additions over deductions and are accumulated by OP&F in order to meet current and future benefit obligations to retirees and other beneficiaries. OP&F experienced a \$1,780.4 million increase in the 2019 fiduciary net position primarily due to the appreciation of the fair value of investments. Beginning Jan. 1, 2019, OP&F began offering its members a tax-free reimbursement stipend for eligible health care expenses. A portion of employer contributions and a portion of investment income are set aside to operate the health care stipend program.

In the annual actuarial report completed by Cavanaugh Macdonald Consulting, dated Jan. 1, 2019, OP&F achieved a 29-year amortization period. OP&F continues to be compliant with Ohio's requirement of a funding period of 30 years or less. A funding period is the amount of time it is estimated to pay off all unfunded obligations. The actuarial report also showed a slight decline in the

funded ratio from 2018, at 69.4 percent (compared to 69.9 percent last year). The funded ratio indicates the percentage of the actuarial value of assets available to pay off all pension obligations of the system. These results reflect the changes in assumptions from the experience study completed in 2017, which reduced the assumed rate of return, or discount rate from 8.25 percent to 8.00 percent. The actuarial valuation confirms that OP&F is able to meet its current and future pension obligations.

OP&F Employers

It is OP&F's goal to help employers avoid penalty situations due to late payments, member contribution reports or other issues. Penalties also can be assessed if pre-employment physicals are not received in time. OP&F assists employers through education programs, courtesy calls, emails, letters, online tools and visits to the employer. For example, before each due date, OP&F sends an automated voice message to any employer who has not yet submitted a contribution payment or payroll report. OP&F also offers employers the ability to report electronically using OP&F's secure Employer Self-Serve Web and to pay electronically using the online Automated Clearing House payment options. By promoting these options and training employers on how to use them, a substantial reduction in penalties has resulted.

In a continuing effort to enhance employer education, OP&F produced a video in 2019 detailing how to submit monthly payroll reports and payments, along with an overview of the Employer Self-Serve web application. The video is available on the OP&F website within the employer information section.

The Employer Education area of OP&F's Finance Department expanded in 2019 with the addition of a new employer education representative. The new position allows OP&F to work more closely with employers with recurring reporting issues and train new fiscal officers on procedures and requirements.



CONDENSED FIDUCIARY NET POSITION INFORMATION

(DOLLARS IN MILLIONS)

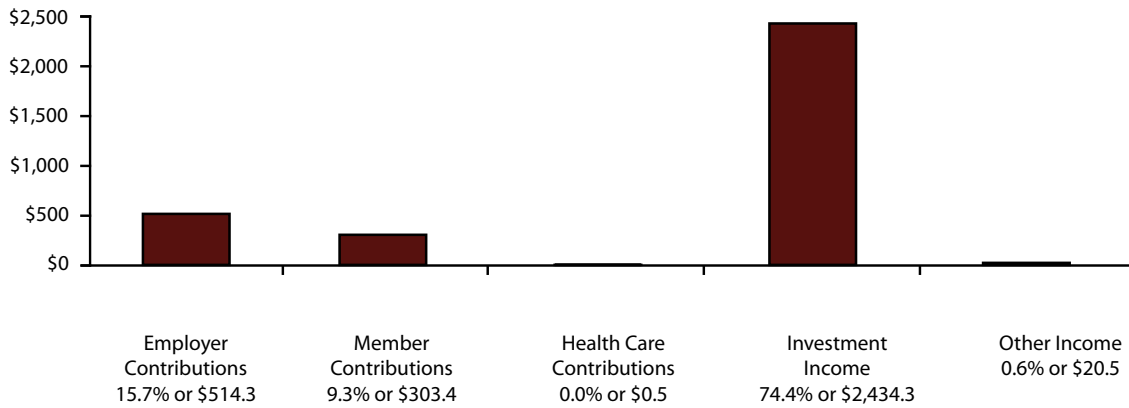
	2019	2018	2019 CHANGE	
			AMOUNT	PERCENT
Cash and Short-term Investments	\$1,124.2	\$948.7	\$175.5	18.5%
Receivables	173.0	240.6	(67.6)	(28.1)%
Investments, at Fair Value	15,793.3	14,557.1	1,236.2	8.5%
Capital Assets, Net of Depreciation	15.3	15.4	(0.1)	(0.6)%
Other Assets	-	0.3	(0.3)	(100.0)%
TOTAL ASSETS	17,105.8	15,762.1	1,343.7	8.5%
DEFERRED OUTFLOWS	8.3	5.2	3.1	59.6%
Benefits and Accounts Payable	78.9	81.4	(2.5)	(3.1)%
Investments Payable	515.5	944.1	(428.6)	(45.4)%
TOTAL LIABILITIES	594.4	1,025.5	(431.1)	(42.0)%
DEFERRED INFLOWS	4.4	6.9	(2.5)	(36.2)%
FIDUCIARY NET POSITION, END OF YEAR	\$16,515.3	\$14,734.9	\$1,780.4	12.1%

CONDENSED CHANGES IN FIDUCIARY NET POSITION INFORMATION

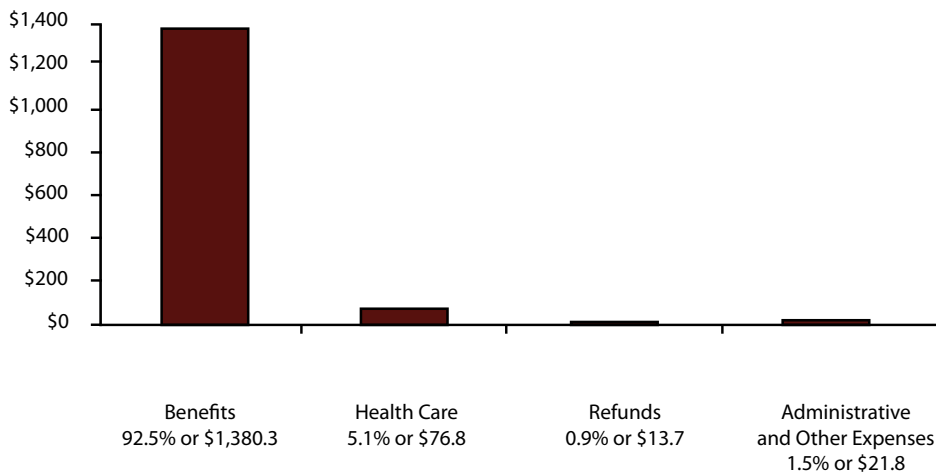
(DOLLARS IN MILLIONS)

	2019	2018	2019 CHANGE	
			AMOUNT	PERCENT
Contributions	\$818.2	\$858.6	\$(40.4)	(4.7)%
Net Investment Gain/(Loss)	2,434.3	(487.9)	2,922.2	598.9%
Other Additions	20.5	24.9	(4.4)	(17.7)%
TOTAL ADDITIONS	3,273.0	395.6	2,877.4	727.4%
Benefits	1,457.1	1,514.1	(57.0)	(3.8)%
Refunds	13.7	18.3	(4.6)	(25.1)%
Administrative Expenses and Other	21.8	17.0	4.8	28.2%
TOTAL DEDUCTIONS	1,492.6	1,549.4	(56.8)	(3.7)%
Net Increase/(Decrease)	1,780.4	(1,153.8)	2,934.2	254.3%
Fiduciary Net Position, Beginning of Year	14,734.9	15,888.7	(1,153.8)	(7.3)%
FIDUCIARY NET POSITION, END OF YEAR	\$16,515.3	\$14,734.9	\$1,780.4	12.1%

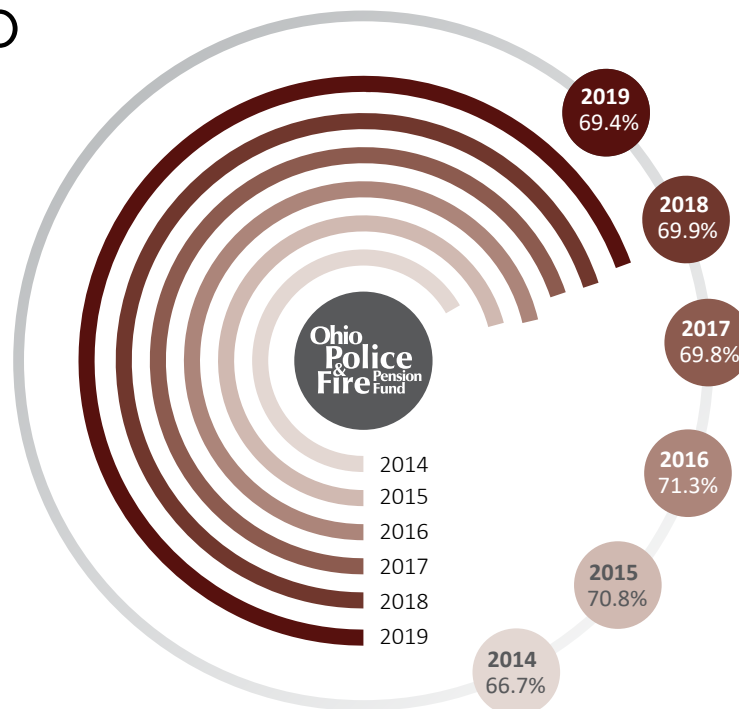
2019 ADDITIONS (DOLLARS IN MILLIONS) \$3,273.0



2019 DEDUCTIONS (DOLLARS IN MILLIONS) \$1,492.6



FUNDING RATIO



STATEMENT OF FIDUCIARY NET POSITION (AS OF DEC. 31, 2019)

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, 2019, in June 2020. The 2019 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	2019 Total	Death Benefit Agency Fund
Assets:				
Cash and Short-term Investments	\$1,064,357,104	\$59,850,544	\$1,124,207,648	\$1,178,907
Receivables:				
Employers' Contributions	44,196,553	1,046,503	45,243,056	-
Members' Contributions	25,493,276	-	25,493,276	-
Accrued Investment Income	39,831,269	2,239,778	42,071,047	-
Investment Sales Proceeds	39,025,760	2,194,482	41,220,242	-
Local Funds Receivable	18,942,603	-	18,942,603	-
TOTAL RECEIVABLES	167,489,461	5,480,763	172,970,224	-
Investments, at fair value:				
Domestic Bonds	3,061,757,097	172,167,620	3,233,924,717	-
International Bonds	23,796,121	1,338,095	25,134,216	-
Mortgage and Asset-Backed Securities	526,442,549	29,602,727	556,045,276	-
Domestic Equities	3,423,991,124	192,536,633	3,616,527,757	-
International Equities	2,904,006,723	163,297,058	3,067,303,781	-
Real Estate	1,716,153,762	96,502,139	1,812,655,901	-
Commercial Mortgage Funds	34,270,847	1,927,106	36,197,953	-
Private Debt	562,200,916	31,613,479	593,814,395	-
Private Equity	1,342,853,182	75,510,835	1,418,364,017	-
Real Assets	463,258,002	26,049,757	489,307,759	-
Master Limited Partnerships	556,278,765	31,280,467	587,559,232	-
Domestic Derivatives	(1,966,555)	(110,583)	(2,077,138)	-
International Derivatives	(930,535)	(52,326)	(982,861)	-
TOTAL INVESTMENTS	14,612,111,998	821,663,007	15,433,775,005	-
Collateral on Loaned Securities	340,367,492	19,139,422	359,506,914	-
Capital Assets, net of accumulated depreciation, where applicable:				
Land	3,200,000	-	3,200,000	-
Building and Improvements	10,519,302	-	10,519,302	-
Furniture and Equipment	188,219	-	188,219	-
Computer Software and Hardware	1,369,629	-	1,369,629	-
TOTAL CAPITAL ASSETS, NET	15,277,150	-	15,277,150	-
Prepaid Expenses and Other	39,160	-	39,160	-
TOTAL ASSETS	16,199,642,365	906,133,736	17,105,776,101	1,178,907
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension and OPEB	5,086,953	-	5,086,953	-
Liabilities:				
Investment Commitments Payable	147,698,319	8,305,317	156,003,636	-
Accrued Administrative Expenses	45,849,785	-	45,849,785	-
Due to State of Ohio	-	-	-	1,178,907
Obligations Under Securities Lending	340,367,492	19,139,422	359,506,914	-
Other Liabilities	33,052,407	-	33,052,407	-
TOTAL LIABILITIES	566,968,003	27,444,739	594,412,742	1,178,907
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension and OPEB	1,170,508	-	1,170,508	-
FIDUCIARY NET POSITION HELD IN TRUST FOR PENSION AND POST-EMPLOYMENT HEALTH CARE BENEFITS				
	\$15,636,590,807	\$878,688,997	\$16,515,279,804	\$-

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

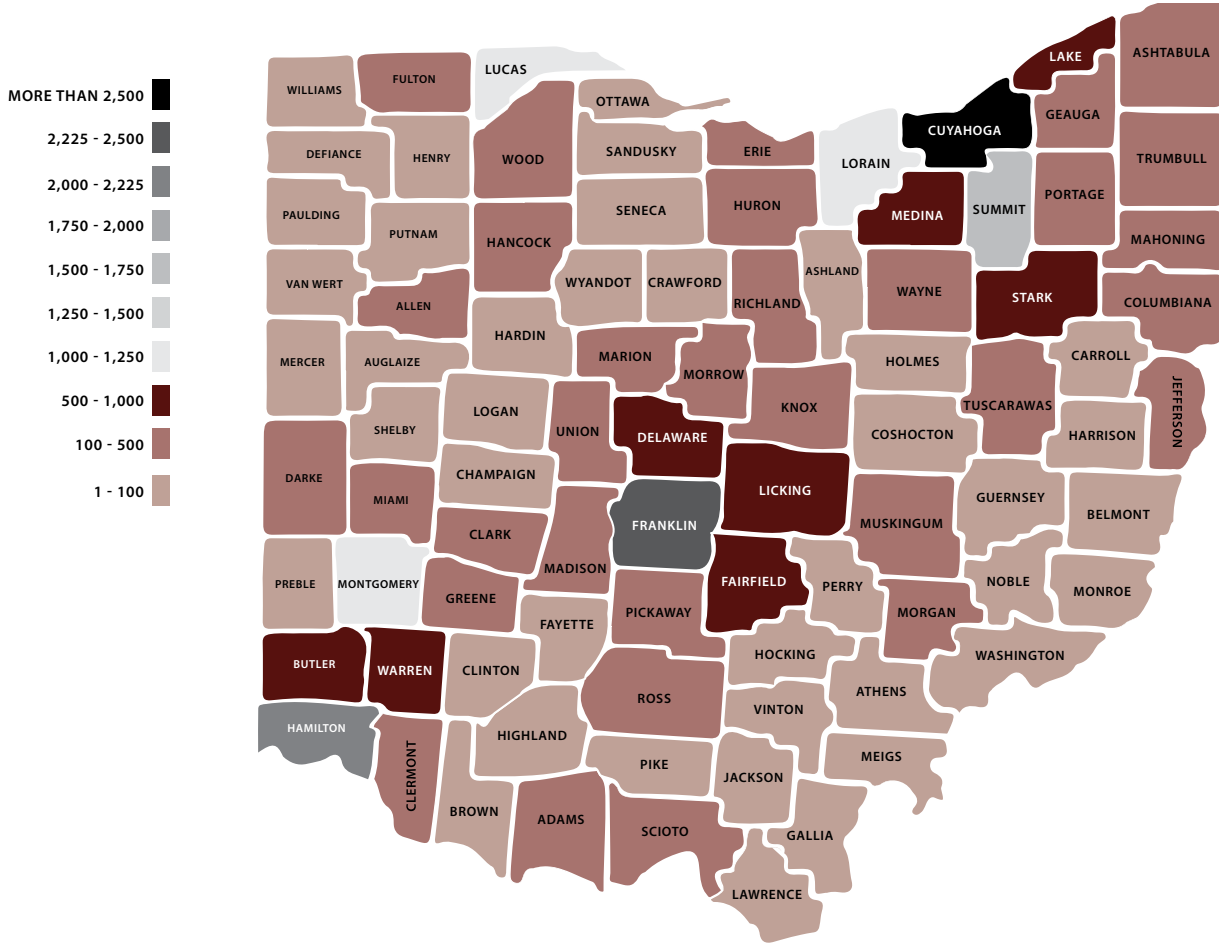
(FOR THE YEAR ENDED DEC. 31, 2019)

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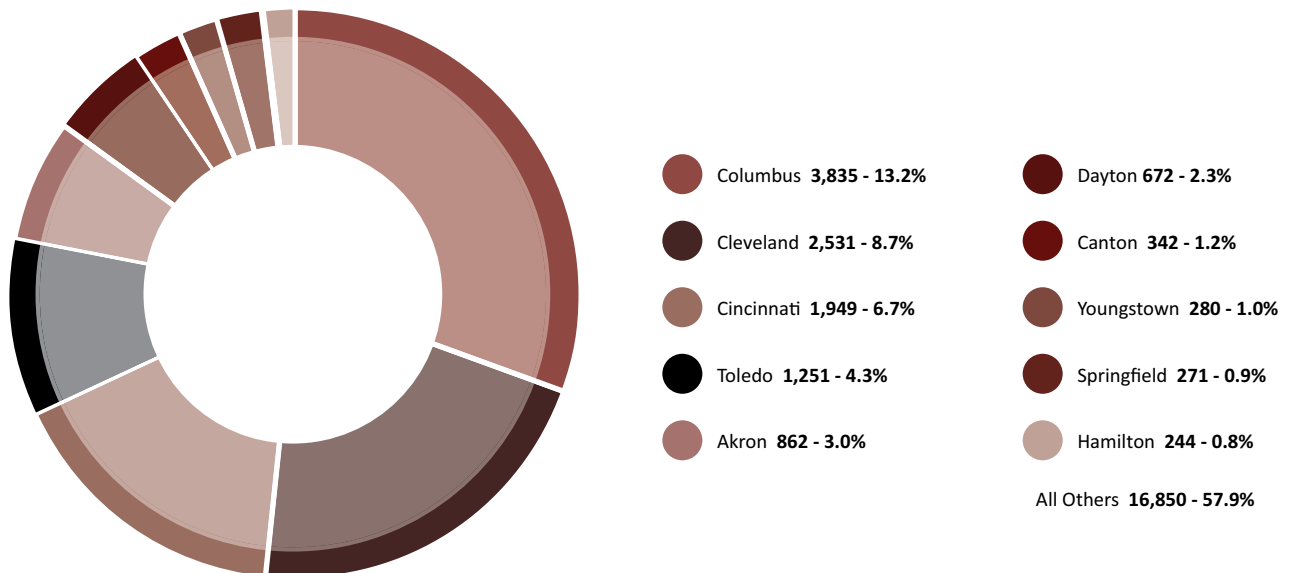
	Pensions	Post-Employment Health Care	2019 Total
Additions:			
From Contributions:			
Members'	\$303,413,682	\$-	\$303,413,682
Employers'	502,043,282	11,973,144	514,016,426
State of Ohio-Subsidies	260,488	-	260,488
Health Care Premiums	-	523,461	523,461
TOTAL CONTRIBUTIONS	805,717,452	12,496,605	818,214,057
From Investment Income:			
Net Appreciation (Depreciation)			
Value of Investments	1,915,798,237	108,036,683	2,023,834,920
Bond Interest	118,233,507	6,667,485	124,900,992
Dividends	105,650,209	5,957,881	111,608,090
Alternative Investment Income	133,669,755	7,537,974	141,207,729
Master Limited Partnership Income	55,834,646	3,148,656	58,983,302
Other Investment Income (Loss)	25,018,392	1,410,850	26,429,242
Less Investment Expenses	(52,439,162)	(2,957,176)	(55,396,338)
NET INVESTMENT INCOME	2,301,765,584	129,802,353	2,431,567,937
From Securities Lending Activities:			
Securities Lending Income	16,298,790	919,130	17,217,920
Securities Lending Expense	(13,707,456)	(772,998)	(14,480,454)
NET INCOME FROM SECURITIES LENDING	2,591,334	146,132	2,737,466
Interest on Local Funds Receivable	841,608	-	841,608
Other Income	56,250	19,647,113	19,703,363
TOTAL ADDITIONS	3,110,972,228	162,092,203	3,273,064,431
Deductions:			
Retirement Benefits	789,094,174	-	789,094,174
Disability Benefits	257,433,935	-	257,433,935
Health Care Benefits	-	76,826,595	76,826,595
Survivor Benefits	92,452,118	-	92,452,118
DROP Withdrawals	241,331,988	-	241,331,988
Contribution Refunds	13,715,712	-	13,715,712
Administrative Expenses	21,249,464	362,607	21,612,071
Other Expenses	160,837	-	160,837
TOTAL DEDUCTIONS	1,415,438,228	77,189,202	1,492,627,430
CHANGE IN FIDUCIARY NET POSITION	1,695,534,000	84,903,001	1,780,437,001
FIDUCIARY NET POSITION - BEG OF YEAR	13,941,056,807	793,785,996	14,734,842,803
FIDUCIARY NET POSITION - END OF YEAR	\$15,636,590,807	\$878,688,997	\$16,515,279,804



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



10 LARGEST OP&F EMPLOYERS



OP&F

PORTFOLIO

OP&F's total portfolio was valued at \$16.48 billion at the end of 2019, up from \$14.70 billion at the end of 2018. Within OP&F's portfolio, very strong absolute returns in U.S. and non-U.S. equity along with solid returns from private markets, high yield, TIPS, midstream energy and private credit and high single-digit results from real estate, fixed income and real assets all combined to deliver a solid total portfolio return in 2019.

For calendar year 2019, the total portfolio's investment return was 17.89 percent, gross of fees, 17.23 percent net of fees, compared to a policy index return of 16.32 percent. This represents an outperformance of the total portfolio's policy index by 157 basis points, gross and 91 basis points net.

With 2019's result, OP&F's three-year annualized gross of fees return now stands at 9.80 percent, and 9.16 percent net, while the five-year annualized gross of fees return is 8.16 percent, and 7.54 percent net. OP&F's 10-year gross of fees return is 9.75 percent, and 9.21 percent net.

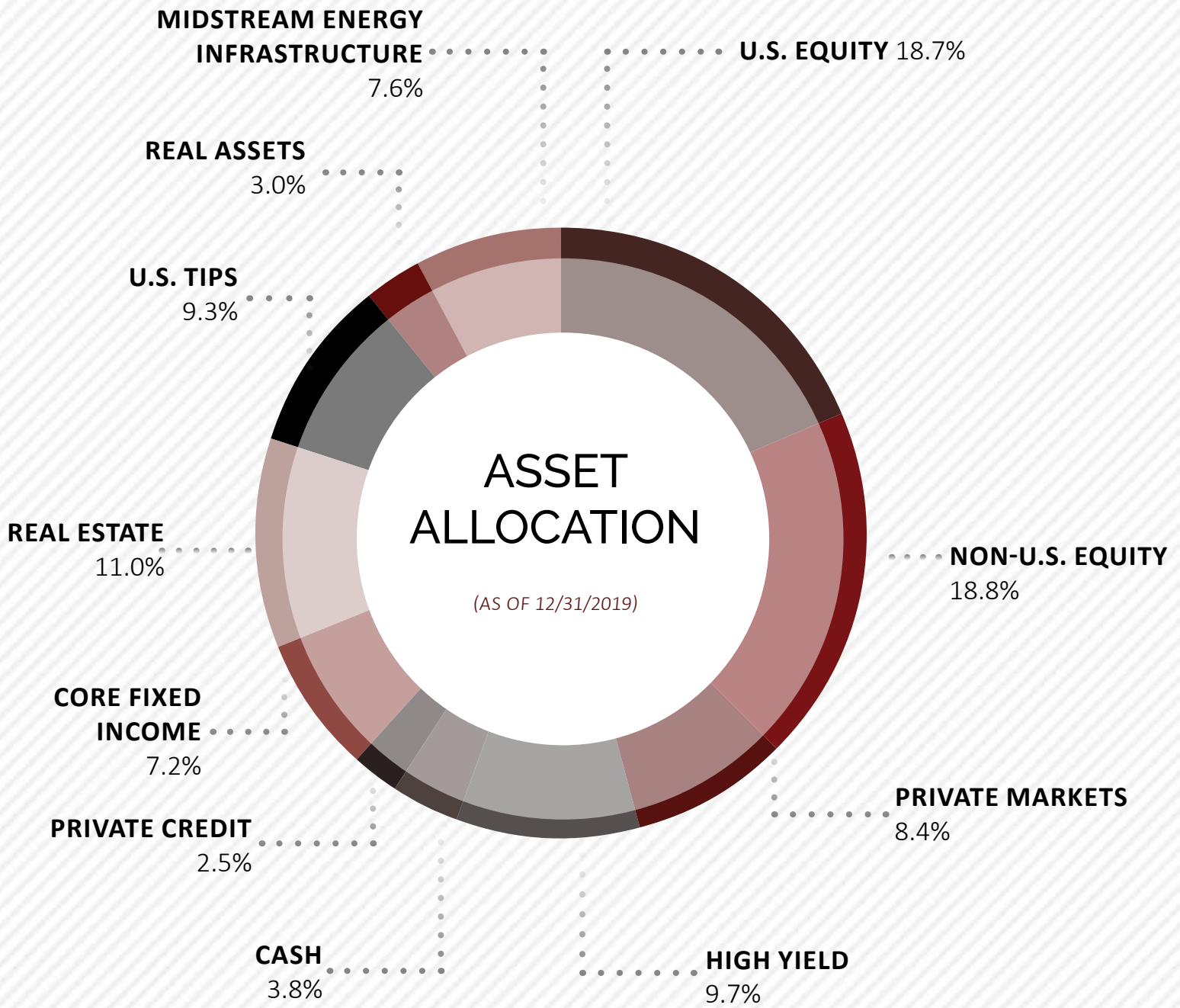
The 2019 results versus the policy index still kept OP&F's three-year relative return above the policy index return of 8.31 percent for the same period, while OP&F's five-year return also beat the policy return of 6.76 percent. The 10-year return also bested the policy return of 8.42 percent.

The Board of Trustees and staff believe that a well-diversified portfolio will serve OP&F well over the long-term. The Board's 2010 adoption of risk parity at the asset allocation level and their ongoing

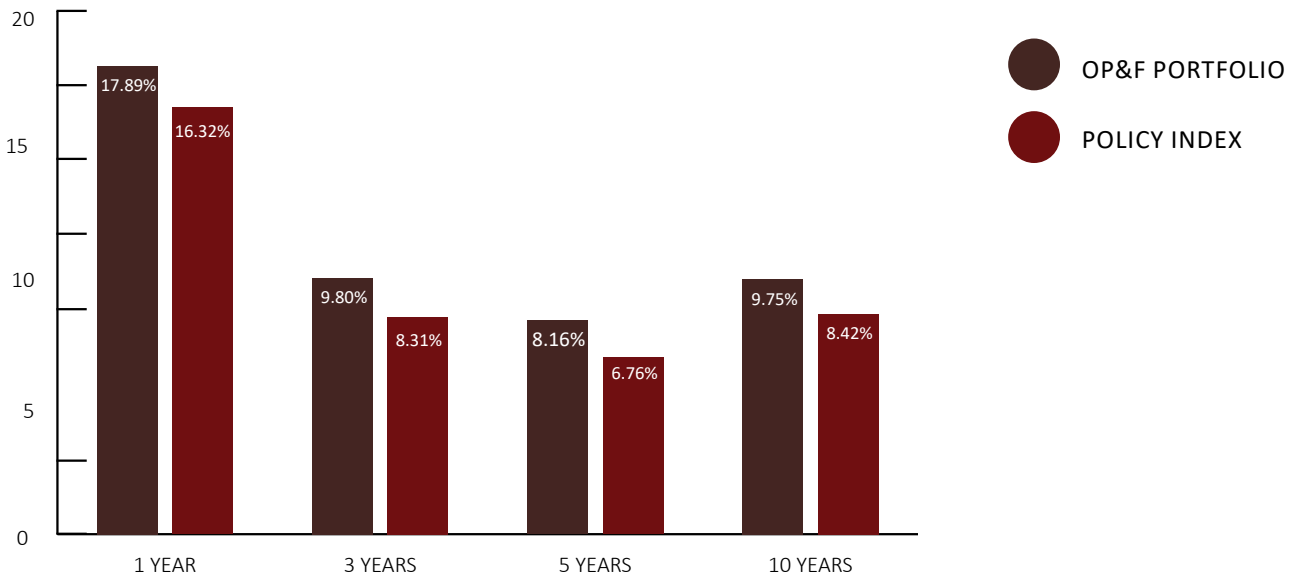
reaffirmation and implementation of that approach demonstrate that OP&F is committed to creating and maintaining a well-diversified portfolio. An ongoing shift out of equity and equity-like exposures has generally kept OP&F from any forced rebalancing efforts, but staff closely monitors the portfolio's 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 removes human emotion from 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.

Since the adoption of a new long-term asset allocation policy in 2017, OP&F turned to reviewing the investment structures of several asset classes in 2018 and 2019. In 2018, new investment structures were adopted for both U.S. and non-U.S. equity, and in 2019, for core fixed income and high yield. The new structure improves the expected return for the core fixed income allocation given lower overall fees. For high yield, the new structure called for reducing the number of mandates from four to three and changing the target weights of the remaining mandates, which improves the expected information ratio for the allocation.

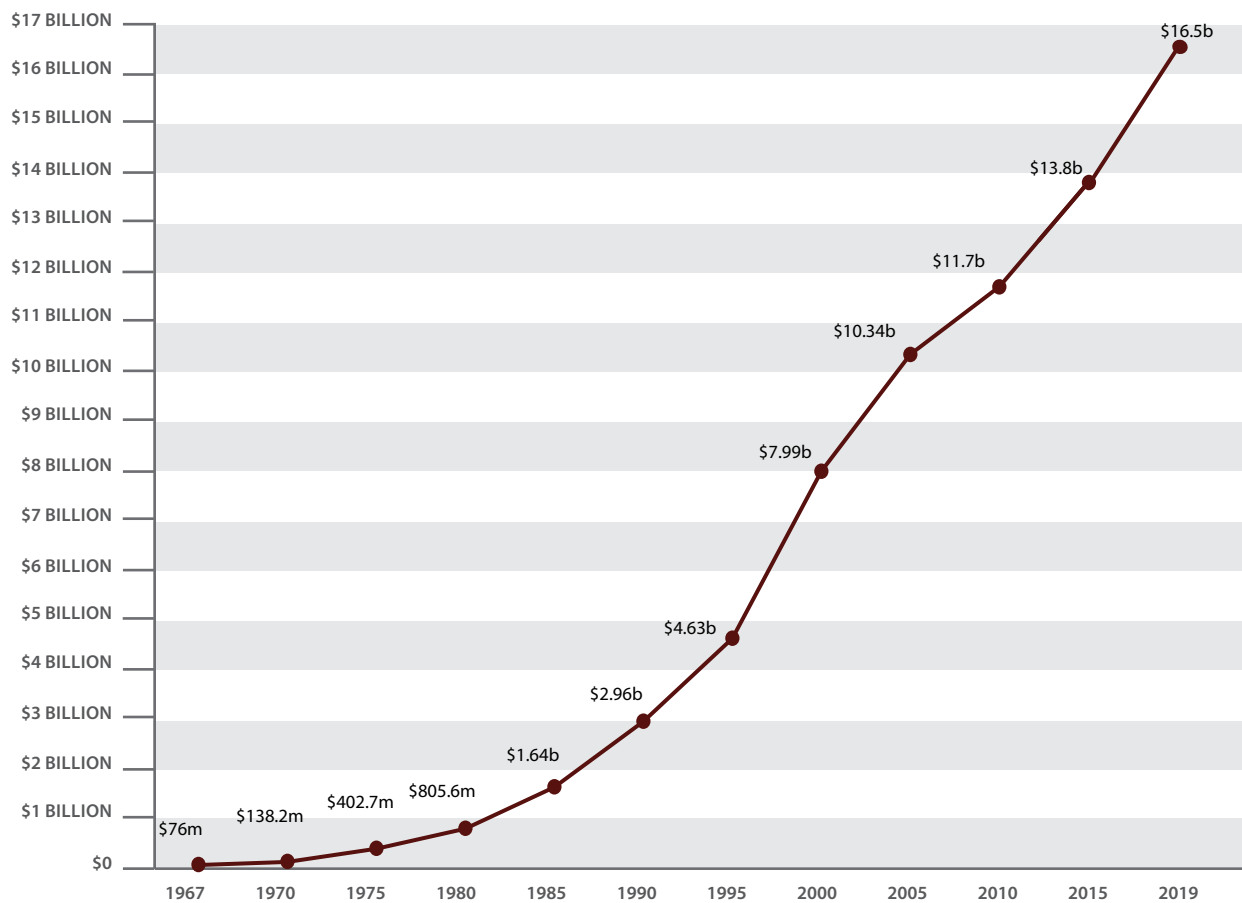




FUND PERFORMANCE (GROSS OF FEES)



INVESTMENT PORTFOLIO GROWTH (AS OF 12/31/2019)



OP&F MEMBERS

The investments and the financial transactions are all on behalf of the public safety forces who belong to OP&F, but the day-to-day business at OP&F revolves around serving the needs of our membership, such as processing benefit applications, calculating benefit payments and, of course, customer service. Significant changes took place in 2019, for both the membership and OP&F staff.

Health care

Effective Jan. 1, 2019, OP&F ended its self-insured retiree health care plan and transitioned to a new stipend-based model by collaborating with the Aon Retiree Health Exchange. Under the new model, eligible benefit recipients receive a monthly stipend through a Health Reimbursement Arrangement (HRA) to use towards the purchase of major medical health care plans and other eligible expenses.

For most Medicare-eligible retirees the new plan offers greater choice and affordability for participants to make personalized buying decisions based on their current medical and prescription needs.

Pre-Medicare eligible retirees are able to choose an individual or family plan through the individual marketplace through Aon. While most of the health care plans available in the marketplace are HMOs, rather than the preferred PPO plans, they all include essential benefits and prescription drug coverage.

The transition and enrollment process of nearly 28,000 retirees came with its share of challenges, however, OP&F and Aon worked together to address and resolve issues that arose. OP&F used these experiences and listened to retiree feedback to implement meaningful plan improvements during 2019 for both Medicare and non-Medicare participants, and for the 2020 plan year. In addition, Aon opened an office within OP&F headquarters with full time associates on-site to assist retirees with their health care insurance questions and enrollments.

OP&F believes the stipend provides valuable spending power to select and pay for health care. In addition, because health care contributions are no longer deducted from the retiree's pension benefit each month, their buying power was significantly increased for use towards additional health care costs. Though the process was rocky for some, data indicates the Medicare eligible members are better off under the HRA model. In fact, retirees over the age of 65 realized an average savings in excess of \$1,000 per year (this group is more than two-thirds of OP&F's retired population).

The decision to change from a self-funded model to a stipend model was difficult, but necessary to extend the life of OP&F's Health Care Stabilization Fund; and it appears to have had the intended result. The most recent actuarial study found that without the change, OP&F's

Continued on page 26

HEALTH CARE STIPEND CHART

	Medicare Status		Monthly Medical/ Rx Stipend	Monthly Medicare Part B Reimbursement	Total OP&F Monthly Support for Health Care
	Retiree	Spouse			
Retiree only:	Medicare		\$143	\$107	\$250
	Non-Medicare		\$685	\$0	\$685
Retiree + Spouse:	Medicare	Medicare	\$239	\$107	\$346
	Medicare	Non-Medicare	\$525	\$107	\$632
	Non-Medicare	Medicare	\$788	\$0	\$788
	Non-Medicare	Non-Medicare	\$1,074	\$0	\$1,074
Retiree + Dependent(s):	Medicare		\$203	\$107	\$310
	Non-Medicare		\$865	\$0	\$865
Retiree + Spouse + Dependent(s):	Medicare	Either Medicare or Non-Medicare	\$525	\$107	\$632
	Non-Medicare	Either Medicare or Non-Medicare	\$1,074	\$0	\$1,074
Surviving Spouse:	Medicare		\$143	\$107	\$250
	Non-Medicare		\$685	\$0	\$685



OP&F MEMBERS (CONTINUED)

ability to provide a retiree health care plan would be exhausted in less than seven years. Since the change, the health care fund will be solvent for nearly 14 years. This gives OP&F time to work with members and key stakeholders to address the longer-term solvency of the health care fund for the next generation of retirees while continuing to offer current retirees a valuable health care option.

Board approves higher minimum DROP interest rate

In October 2019, the OP&F Board of Trustees approved a change in the Deferred Retirement Option Plan (DROP) interest rate that will benefit participants in the program. Beginning Jan. 1, 2020, a 2.5 percent minimum interest rate will accrue for OP&F members participating in DROP. A maximum rate of 5.0 percent remains in place.

Interest credited to DROP balances each month will continue to be a rate equal to the 10-year U.S. Treasury Note Business Day Series, as published by the United States Federal Reserve (updated quarterly). However, DROP participants will now receive a rate between 2.5 and 5.0 on their DROP accrual.

The change is in recognition of the current low interest rate environment in the U.S. financial system. The rate has dipped as low as 1.49 percent, and was set at 1.68 percent for the fourth quarter of 2019. The minimum rate will provide more stability and predictability for the DROP accruals members have deposited at OP&F.

Death benefit fund changes implemented

The Ohio General Assembly approved changes to the Public Safety Officer's Death Benefit Fund on Dec. 27, 2018, and implemented in 2019. These changes permanently expanded benefits paid to recipients of the Ohio Public Safety Officers' Death Benefit Fund. The changes allowed the recipients to participate in the same pre-Medicare health care programs offered to State of Ohio employees through the Ohio Department of Administrative Services, and at the same cost the state employee pays.

Other provisions of the law include:

- » Extended the payment of initial Death Fund benefits from the date that the officer would have been eligible to retire to the date the officer would have been eligible to retire with the maximum age and service pension;
- » Eliminated a requirement that the Death Fund benefit amount be reduced by any benefits from the officer's retirement system; and
- » Increased transitional Death Fund benefits paid after the officer's maximum retirement date from 50 percent of salary to 75 percent.

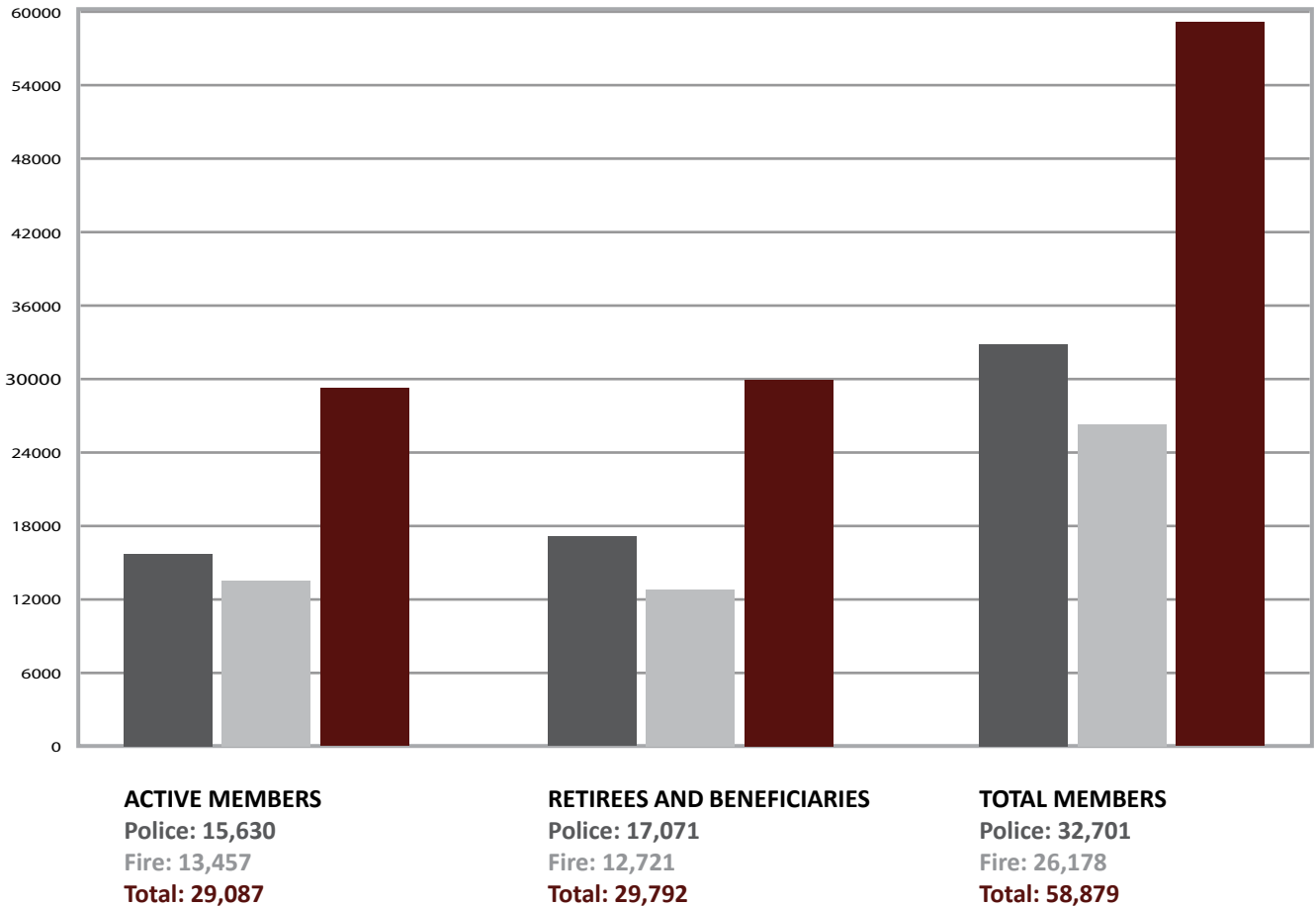
OP&F administers the Ohio Public Safety Officers Death Benefit Fund, which is funded by the State of Ohio. The fund provides benefits to eligible survivors of public safety officers killed in the line of duty, or who die of injuries or illness incurred in the line of duty.

New website launched

On June 19, OP&F launched a new website that is designed to provide members and employers with the information they are looking for, and be more compatible with mobile devices.

The new responsive site now works better with smart phones and tablets as well as traditional desktop and laptop computers. The same information is on the new site that was previously available, but organized in a way that we hope is easier to navigate. No new passwords or usernames are needed to login to either the Member Self-Serve or Employer Self-Serve sections of the website.

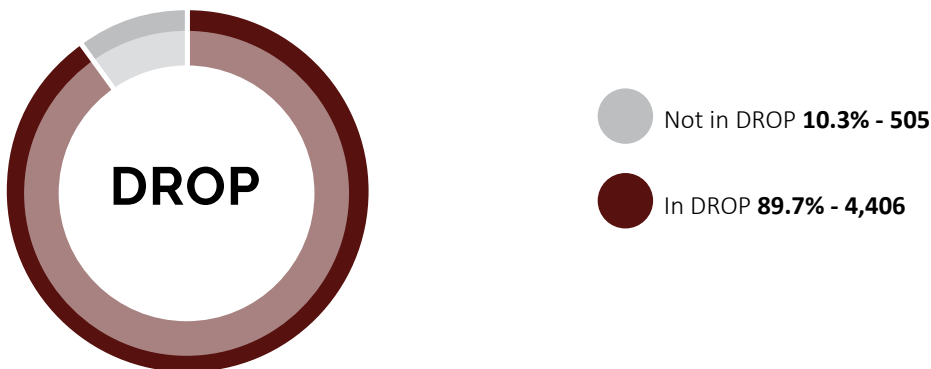
2019 MEMBERSHIP BREAKDOWN



DEFERRED RETIREMENT OPTION PLAN – POPULATION

(AS OF DECEMBER 2019)

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 2019, 89.7 percent of OP&F members who are eligible chose to participate in DROP.





OP&F CUSTOMER SERVICE NUMBERS

2,413 NEW MEMBERS JOINED OP&F IN 2019



87 AON WALK-IN MEMBER CONSULTATIONS



1,218 ATTENDANCE AT AON HEALTH CARE MEETINGS



209 AON HEALTH CARE WEBINAR ATTENDANCE

OP&F

STATISTICAL INFORMATION

Economic Impact Study Findings

OP&F benefits contribute \$1.8 billion to Ohio's economy, 14,422 jobs in 2018.

The economic impact of the pension fund serving Ohio's firefighters and police officers totaled more than \$1.8 billion and supported more than 14,000 jobs in 2018, according to a study commissioned by OP&F.

The study, conducted by the University of Cincinnati Economic Center, shows that defined benefit retirement plans like OP&F are of value not only to its members, but also to the overall economy of Ohio. The data in the report provides important data for key decisions makers – primarily state representatives and senators, who make the laws prescribing how public pensions are funded and governed.

Among other findings, the study revealed that:

- » In 2018, OP&F activity resulted in more than \$1.829 billion in total economic output in Ohio and supported for 14,393 jobs across the state. The jobs supported had an average annual income of nearly \$43,000.
- » OP&F has compiled an enviable record in growing its total investment portfolio, which rose from \$2.9 billion in 1967 to nearly more than \$16 billion in Jan. 2020.
- » In 2018, OP&F provided \$1.172 billion in benefits to retired members. \$1.009 billion of this amount was to members residing in Ohio.
- » Eighty-four percent of OP&F retirees remain in Ohio, meaning they spend their benefits locally.

OP&F's ongoing operations and capital expenditures also generate millions of dollars of spending and support hundreds of jobs in the Ohio economy. OP&F paid 149 employees \$10.6 million in earnings in 2018 and spent an additional \$53.0 million on professional services, communications, and other products and services vital to its daily operations. Together with annual capital expenditures of approximately \$1.0 million, OP&F's direct impact on the Ohio economy in 2018 included \$64.6 million in output, 153 jobs supported, and \$11.0 million in earnings. The direct spending spurred indirect impacts of \$81.9 million in output, 257 jobs supported, and \$17.8 million in earnings. Total economic impacts to Ohio of OP&F's operations and capital expenditures in 2018 included \$146.6 million in output, 410 jobs supported, and \$28.8 million in earnings.

To arrive at state and district impacts, the study analyzed raw data provided by OP&F to calculate direct impacts – the “face value” of pension benefits, salaries and other outputs into the economy. However, each time a dollar is spent within the community it enables additional economic activity to occur, including the creation of jobs. To measure the total economic impact of OP&F, the University of Cincinnati Economics Center applied economic multipliers provided by Economic Modeling Specialists International (EMSI). EMSI maintains an input-output model that produces industry- and region-specific multipliers that quantify the changes in jobs, earnings, and output resulting from a change in economic activity.



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	
2019	526	408	15,630	13,457	\$77,544	\$79,579	1.5%	2.2%	\$2,218.0
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

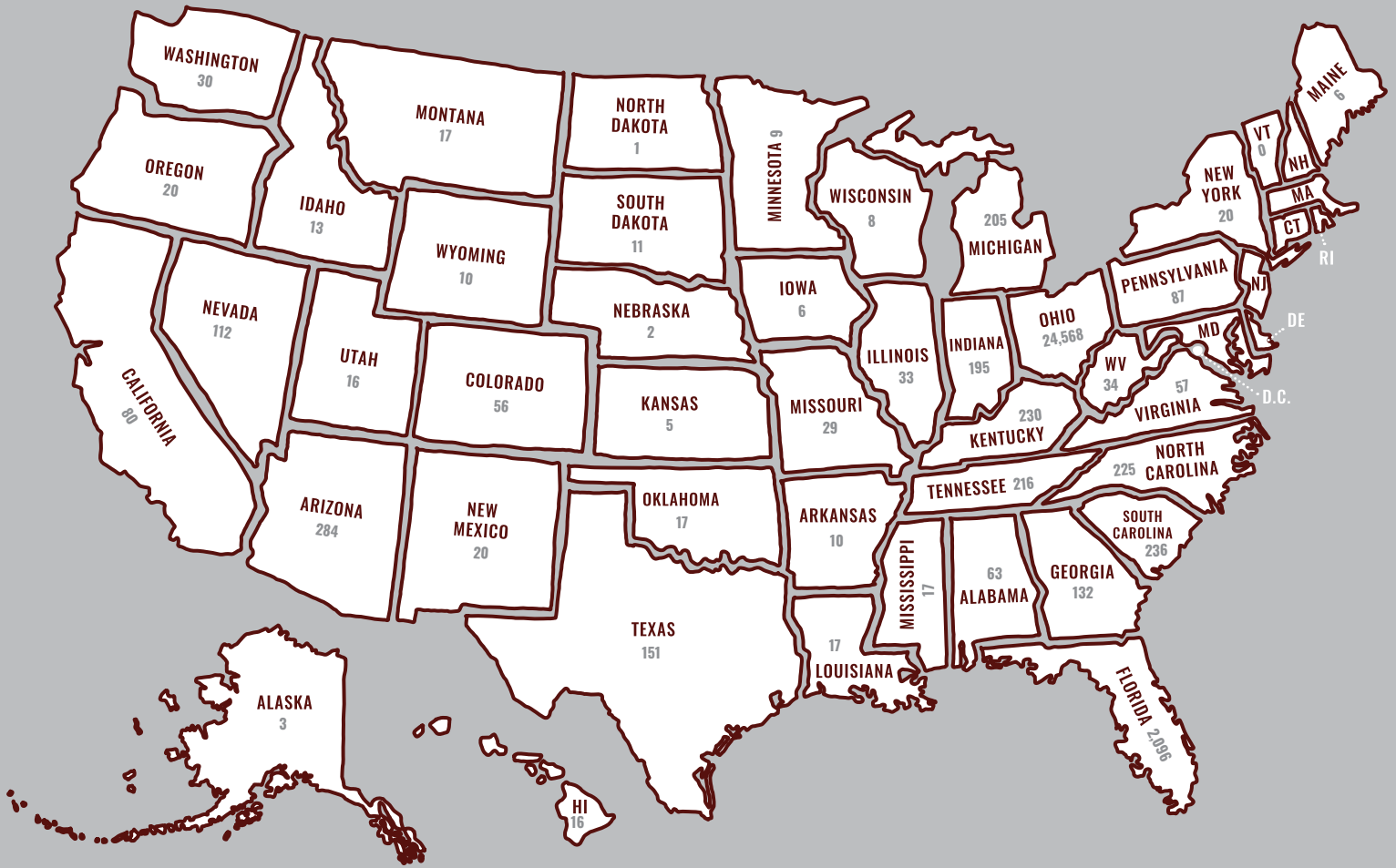
* Includes rehired retirees.

AVERAGE MONTHLY BENEFIT PAYMENTS - SERVICE RETIREMENT

FOR MEMBERS PLACED ON RETIREMENT ROLLS

YEAR	NORMAL	SERVICE COMMUTED	AGE COMMUTED	AGE / SERVICE
2019	\$3,948	\$1,688	\$-	\$3,166
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

RETIREES BY STATE



ALABAMA	63	LOUISIANA	17	OKLAHOMA	17
ALASKA	3	MAINE	6	OREGON	20
ARIZONA	284	MARYLAND	10	PENNSYLVANIA	87
ARKANSAS	10	MASSACHUSETTS	6	RHODE ISLAND	3
CALIFORNIA	80	MICHIGAN	205	SOUTH CAROLINA	236
COLORADO	56	MINNESOTA	9	SOUTH DAKOTA	11
CONNECTICUT	2	MISSISSIPPI	17	TENNESSEE	216
D.C.	2	MISSOURI	29	TEXAS	151
DELAWARE	4	MONTANA	17	UTAH	16
FLORIDA	2,096	NEBRASKA	2	VERMONT	0
GEORGIA	132	NEVADA	112	VIRGINIA	57
HAWAII	16	NEW HAMPSHIRE	7	WASHINGTON	30
IDAHO	13	NEW JERSEY	4	WEST VIRGINIA	34
ILLINOIS	33	NEW MEXICO	20	WISCONSIN	8
INDIANA	195	NEW YORK	20	WYOMING	10
IOWA	6	NORTH CAROLINA	225	PUERTO RICO	3
KANSAS	5	NORTH DAKOTA	1	VIRGIN ISLANDS	1
KENTUCKY	230	OHIO	24,568	ARMED FORCES	1

(EUROPE, THE MIDDLE EAST,
AND CANADA)

1965-2020

BOARD OF TRUSTEES

ROBERT BAKER

Governor's representative
2004-12

RICHARD T. BALAZS

Governor's representative
1992-2003

MICHAEL L. BEDNAR

Massillon Fire
1965-68, 72-81

ROBERT M. BECK

Cleveland Police
1997-2005

THOMAS BENNETT

Dayton Police
1992-98, 2000-03

WILLIAM R. BENNETT

Cincinnati Police
1987-91

HARRY J. BERKEMER

Columbus Police
1965-67

CHESTER A. BIZGA

Cleveland Fire
1969-71

ROBERT E. BRITT, II

Toledo Police
2019-20

PAUL W. BROWN

Attorney General
1970

WILLIAM J. BROWN

Attorney General
1971-82

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Cleveland Fire
1977-82

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Attorney General
1984-90

ROGER CLOUD

Auditor of State
1965-71

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Columbus Fire
2019-20

ANTHONY COYNE

Cleveland Police (Ret)
1991-92

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Governor's representative
1984-85

LAWRENCE J. DECK

Columbus Police
2004-06

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Cleveland Fire (Ret)
2003-19

DANIEL DESMOND

Toledo Fire
2014-20

HENRY DOBERSTYN

Cleveland Police (Ret)
1971-79

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Governor's representative
1971, 76, 79, 87-91

LARRY M. DUKEMAN

Akron Police
1979-84

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Auditor of State's
Representative
1996-98

JOSEPH R. FERGUSON

Statutory member
1971-74

THOMAS E. FERGUSON

Auditor of State
1975-94

LEE I. FISHER

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

DAVID L. GELBAUGH

Treasurer of State's
Representative
2004-08

ANTHONY J. GORSEK

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
2008-20

RAYMOND B. JORDAN*

Springfield Police
1969-76

ELMER J. KHAL

Cleveland Fire
1980-94

SCOTT K. MAYNOR

Lyndhurst Fire
2006-10

VIRGIL F. MCDANIEL, JR.

Dayton Police
1988-94

WILLIAM J. MCNEA

Cleveland Police
1977-87

LAWRENCE P. MILLER

Stowe Police
1987-91

MARCO J. MILLER

Columbus Fire (Ret.)
2019-20

BETTY MONTGOMERY

Attorney General
1995-2003;
Auditor of State
2004

EDWARD L. MONTGOMERY

Columbus Police
2008-20

CHARLES MOORE

Governor's representative
2018-20

JEFFREY MOORE

West Chester Fire
20014-19

DAVID J. OWSIANY

Treasurer of State
2012-14

PATRICK J. PATTON

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

TIMOTHY P. PATTON, JR.

Cleveland Police
2015-19

EXECUTIVE DIRECTORS

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

GEORGE F. RABE
Mariemont Fire
1965-70

DANIEL F. ROSS
Bucyrus Fire
1995

SCOTT D. ROULSTON
Governor's representative
2014-17

TOM RAVE
Cincinnati Fire
1994-95

WAYNE D. RUGH
Columbus Police
1971

WILLIAM B. SAXBE
Attorney General
1965-68

LAWRENCE SCHMOLT
Cincinnati Fire
1974-77

EDWARD SCHUELE
Governor's representative
1965-71

ROBERT M. SHIELDS
Columbus Fire
1981-94

JOHN P. STANLEY
Governor's representative
1969-70

KARIN MALONEY STIFLER
Treasurer of State
2015-20

JOSEPH S. VOSS
Cincinnati Fire (Ret)
1987-91

JOHN WAINSCOTT
Cincinnati Police (Ret)
2011-20

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.*



PRUDENCE | INTEGRITY | EMPATHY

*Securing the future for Ohio's police
and firefighters*

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www.op-f.org

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