

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM**  
277 EAST TOWN STREET, COLUMBUS, OH 43215-4642  
1-800-222-PERS (7377)  
www.opers.org

**MEMORANDUM**

DATE: May 7, 2004

TO: OPERS Retirement Board Members

FROM: Karen Carraher, Director - Finance

RE: **IV. Action Items:**  
**A. Certification of Local Contribution Rates**

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Action requested:

To certify member and employer contribution rates to employers reporting under the local division for the calendar year 2005 by adopting the following resolution:

\_\_\_\_\_ moved and \_\_\_\_\_ seconded to certify the contribution rates for local employees at 8.5% (9.0% for employees in the public safety division and 10.1% for employees in the law enforcement division) and at 13.55% for employers in the local division (16.7% for the public safety and law enforcement employers) for the calendar year 2005.

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Background

The Ohio Revised Code provides that the Board shall certify member and employer contribution rates to all local division employers by July 15, of each year.

Rationale for Action

The attached letter, from the System's actuary, indicates that the rates cited in the requested resolution above will maintain the Local Government, Law Enforcement Division, and Public Safety Division in sound financial condition in accordance with OPERS funding objectives and actuarial principles of level percent of payroll financing during 2005. However, going forward, continuing attention needs to be directed to the health plan, coupled with monitoring investment results to see if the fund resumes more normal levels of investment return. The action requested is a recurring action required in accordance with statute.



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April 19, 2004

Ms. Karen Carraher, Assistant Director  
Public Employees Retirement System of Ohio  
277 East Town Street  
Columbus, Ohio 43215

Re: Local Government and Law Enforcement Divisions  
Employer Contribution Rates for Calendar Year 2005

Dear Ms. Carraher

In accordance with the results of the last regular annual actuarial valuation as of December 31, 2002 (please see report dated August 14, 2003), the employer contribution rates for the Local Government and Law Enforcement Divisions are as follows:

Contributions for	Computed Employer Contribution Rates		
	Public Safety	Law Enforcement	Local Government
	Retirement Allowances		
Normal Cost			
Total	17.73%	18.87%	14.42%
Member	<u>9.00</u>	<u>10.10</u>	<u>8.50</u>
Employer Normal Cost	8.73%	8.77	5.92
Unfunded Accrued Liabilities	3.97	3.93	3.63
Retiree Health	4.00	4.00	4.00
<b>COMPUTED EMPLOYER RATE</b>	<b>16.70%</b>	<b>16.70%</b>	<b>13.55%</b>

Based upon the valuation results, it is our opinion that these rates will maintain the Local Government and Law Enforcement Divisions in sound financial condition in accordance with PERS funding objectives and actuarial principles of level percent of payroll financing during 2005. Going forward, continuing attention needs to be directed to the health plan. Of course, a return to more normal levels of investment return is also important.

Sincerely,

Brian B. Murphy

BBM:msw

CC: Laurie Hacking  
Norman Jones  
Mark Snodgrass