

PROMISES MADE MUST BE KEPT

By Mary Beth Foley

The lack of journalistic integrity in the Blade's recent editorial on OP&F investments is shocking. The Ohio Police and Fire pension fund has provided pension, disability and survivor benefits to Ohio's municipal public safety officers for 56 years. The fund protects them and their families when officers are injured or killed in the line of duty. OP&F has done this despite chronic underfunding by the General Assembly. OP&F does not need a "bailout", OP&F needs its debtors -Ohio's municipal employers- to pay their debts to this fund, which they have avoided for over 40 years.

The Blade called for Ohio lawmakers to ignore this problem. It falsely claimed that our investment strategies are ineffective. Yet the fund doesn't currently owe money to anyone, and that stability comes from our wise investment choices over the years.

Historically, our investments have performed better than projected. By the end of 2022, for the past 40 years, the annualized return of our investments was 9.05%, surpassing our target of 7.50%. This consistent performance is a testament to our effective investment strategy.

The reason we're asking for increased contributions from employers is to address a specific issue: the fund doesn't have as much money as it should. This isn't because our investments are performing poorly. Instead, it's an ongoing funding challenge that we're now trying to fix.

Our current approach to investments started in 2010. Over the past 13 years, the average annualized return was 9.52%, once again beating our target. Our approach involves balancing high-risk and low-risk investments. We prefer to invest in safer options like bonds, which are generally more stable than stocks. This strategy helps us maintain a good balance of risk and return.

It's also worth noting that compared to other public pension plans, we have a diverse portfolio of investments. We're not putting all our eggs in one basket, so to speak. We have a lower percentage of high-risk investments and a higher percentage in assets that protect against inflation, which is more than twice that of any other Ohio plan.

From January through September 2023, our investments grew by 3.1% after all expenses, which is better than OP&F's benchmark. This trend of outperforming our benchmark is consistent over 1, 3, 5, and 10-year periods. This achievement is significant because it shows that our financial strategies are sound and effective.

In terms of costs, we've managed to keep our expenses lower than many of our peers. This frugality is crucial in maximizing the returns on our investments. A review by CEM Benchmarking revealed that for five years until the end of 2022, our investment costs were

significantly lower than the average. This means we're not only earning good returns but also doing so in a cost-effective way.

The Ohio Police and Fire Pension Fund's investment strategy is not just about making money in the short term. We're focused on the long-term sustainability of the fund. This ensures that we can continue to provide for the retirement needs of our state's brave police officers and firefighters. By maintaining a balanced portfolio, keeping risks in check, and managing our costs efficiently, we are securing the financial future of those who have dedicated their lives to serving our community.

In conclusion, the financial health of the Ohio Police and Fire Pension Fund is strong. Our investment decisions have been prudent, our risk management effective, and our cost control exemplary. We're committed to continuing this trend of responsible financial stewardship to ensure the long-term security and success of the fund.

Finally, the Blade's errant take misses a key point. This isn't just about numbers in a spreadsheet -- it's about lives, families, and the very best of our community. When we uplift the heroes who served us by protecting their hedge against an uncertain future, we uphold a shared responsibility. Our call is to secure Ohio's collective promise to those who've never hesitated to answer our call.

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Mary Beth Foley is the Executive Director of the Ohio Police and Fire Pension Fund and the granddaughter of a firefighter who was among the first to receive a pension from the fund.