Proposed Plan Design Changes – What Do They Mean to You?

You’ve heard about new membership tiers, new retirement groups and new plans. So, you’re probably wondering: what does this mean to me? In short – not much. That’s because the changes being considered by the Board will only impact new members.

**What is Group D?** Group D is simply another retirement group in which new members hired after Jan. 1, 2022 will be classified. Group D members will have their own set of retirement eligibility requirements, benefit structure and features – just like our other retirement groups (A, B and C).

Group D is not a specific retirement plan. In fact, new members in Group D will have the opportunity to choose from two OPERS retirement plans: the Traditional Pension Plan and a modified Member-Directed Plan.

Why are we proposing a Group D? As new generations enter the workforce, OPERS must continue to adapt and change to ensure we are offering retirement plans that are relevant and meet the needs of tomorrow’s workers. Group D will have its own eligibility requirements, benefit structure and unique member features designed to meet those needs.

The changes we’re proposing will also help OPERS address expected investment market volatility and adjust to the lack of available funding for health care.

**What’s going on with the Combined Plan?** Under the proposed changes, the Combined Plan would merge into the Traditional Pension Plan. It would not be available to new members hired in 2022 and beyond. If you’re currently enrolled in the Combined Plan, this merger will not affect you or any of your plan features such as retirement eligibility requirements or benefits.

Why are we modifying the Member-Directed Plan? The proposed modifications to the Member-Directed Plan would align future benefits in that plan with the ones offered in the Traditional Pension Plan. Taking a fresh look at the Member-Directed Plan design in today’s market and exploring changes allows us to ensure parity among our retirement plans.

Perhaps the biggest thing to take away from this article is that these changes are all proposals being considered by the Board and the details and implementation dates can (and likely will) change.

Although these changes won’t impact you, we still want you to be informed on the actions your Board of Trustees is taking to meet the needs of all members (past, present and future) and continue providing secure retirement benefits.
You may have heard people talking about the FIRE movement: FINANCIAL INDEPENDENCE, RETIRE EARLY.

So, what is it? It’s a method of extreme saving, sacrificing and investing to be able to retire sooner. Folks on FIRE live frugally and save aggressively. They’re always looking for ways to keep expenses low and raise their income. This type of extreme saving may not be realistic for most people, and in fact, there are a few downsides to retiring early. Life takes many twists and turns and so there may be events and expenses you just can’t plan for like the rising cost of health care, a down market cycle or increasing cost of education.

But there is no downside to applying the principles of the FIRE method and forming new habits that can help you become more financially secure and save more for your retirement.

1. Start thinking about and planning for retirement now
2. Keep track of your spending (OPERS has a great online personal budgeting tool)
3. Review spending habits and question why you’re spending what you’re spending
4. Find ways to keep expenses low
5. Get in the habit of saving
6. Boost your income
7. Let OPERS help you assess your financial wellness

Visit the Financial Wellness section of opers.org for access to webinars, online tools and information about planning and saving for your retirement.
Research has shown board diversity can improve a company’s bottom line – that there’s a positive correlation between gender-diverse boards and lowered governance risk, enhanced decision making and increased shareholder returns. That’s important to institutional investors such as OPERS, which derives two-thirds of our pension benefit from investment returns.

And that’s why OPERS Corporate Governance Officer Patti Brammer joined several other business leaders from around Ohio last month to offer proponent testimony at a hearing on House Concurrent Resolution 13. The resolution encourages public companies to hire more women to their boards and include more women in leadership roles. The resolution is being jointly sponsored by Ohio Reps. Sara Carruthers (R-Hamilton) and Thomas West (D-Canton).

“We want boards to select the best candidates,” she said. “This resolution is about broadening horizons, changing board refreshment past practices and including alternate sources such as academia, government or even first-time board candidates in the search.”

“Increasing awareness is a vital step toward improving the board diversity of Ohio companies, and this resolution aids our engagement efforts.”

The resolution remains in the hearing stage, and no timetable has been set for introduction to the House floor.

OPERS’ Corporate Governance program focuses on adding value to our investment strategies and creating strong relationships with the public companies in which we invest by effectively voting proxies and responsibly participating in associated corporate governance activities, industry groups and coalitions.

Where will your financial decisions lead you?

Understanding your personal finances is the first step toward building a secure retirement in the future. The webinars in our Financial Wellness Empowerment Series will help you gain a better understanding of your finances and show you how making sound financial decisions today can lead to a more secure retirement.

**Personal Budgeting** will teach you how to achieve short and long-term financial goals through personal budgeting. You’ll learn how to track your spending, so you can recognize if your expenses exceed your income. We’ll also show you how to use our online budgeting tool.

**Bridging the Gap to Retirement** will help you assess your financial wellness, review your current spending habits and estimate your retirement income so you can identify the "gap" between what you will have in retirement and what you will need. We’ll also show you ways you can begin closing your gap today.

Visit the Member Education Center at opers.org to register for one of these webinars.
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OPERS NEWS

News and information for active members in the OPERS Traditional Pension Plan.

If you no longer wish to receive a paper copy of your newsletter and would like to receive the electronic version, log into your OPERS online account and update your correspondence preferences to electronic.

Annual Statements Coming in March

OPERS will begin mailing 2019 Personal Statements of Estimated Benefits in March and will be available through your online account Log in to your online account to make sure the personal information we have on file is current. Don’t have an online account? Register today by clicking on the Account Login button on the top, right corner of the opers.org home page.