

## Key talking points

- OPERS has a 79-year history of providing secure retirement benefits for Ohio's public employees. In fact, more than 1 million people (our members and retirees, as well as their beneficiaries) depend on OPERS as a source of retirement security.
- OPERS predates Social Security. Because of this, our members were prohibited from participating in Social Security when that program was established in 1935.
- OPERS is one of five statewide public retirement systems in Ohio. Ohio's retirement systems have developed a national reputation for providing retirement security to their members. These systems are adequately funded, efficiently run, and prudently managed.
- OPERS' pension benefits are prefunded, meaning that each member's contributions are used to fund his or her own retirement benefit, not the retirement benefits of the members who have gone before them. Because of this, our members can have confidence that their benefit will be paid to them during their lifetime or their beneficiaries as designated. In contrast, Social Security is becoming a "pay-as-you-go" system in which current workers will be funding the benefits received by current retirees in future years if changes are not made.
- Forcing Ohio's public employees to participate in Social Security would not necessarily lower employer costs. Just as private-sector workers have pensions and savings plans, such as 401(k)s, at their disposal, public workers would necessarily require the same options. Thus, a pension benefit of some form likely would still exist, one that employers would have to fund. And, a portion of the unfunded liabilities would need to be absorbed by public employers, thereby increasing the contribution rate for them.
- Recent studies have indicated that almost all discussions and studies of moving non-Social Security workers into Social Security have focused on new employees only. The conversion would be costly – though OPERS prefunds its pension benefits, it depends on a stable and consistent stream of incoming employer contributions to effectively manage its unfunded liabilities and provide discretionary benefits, such as post-retirement health care coverage.
- Regarding the cost of mandatory coverage, the Segal Company has estimated that the five-year (2010-2014) cumulative employee and employer Social Security tax in Ohio would exceed \$6.3 billion. This additional cost would either be borne by the Ohio Retirement Systems, which would result in immediate and drastic benefit reductions for our members, or by the people of Ohio in the form of higher public employer contributions.
- In 2014, Social Security's maximum taxable earnings are \$117,000. Those who earn more receive the same level of benefits as someone who contributes right up to the maximum taxable earnings threshold.
- The Social Security system was never meant to be a retirement fund. Its purpose was to provide a safety net for individuals experiencing financial hardships. OPERS was designed as a public pension plan from its inception, offering a defined benefit plan and later, two additional defined contribution retirement plans for our members.