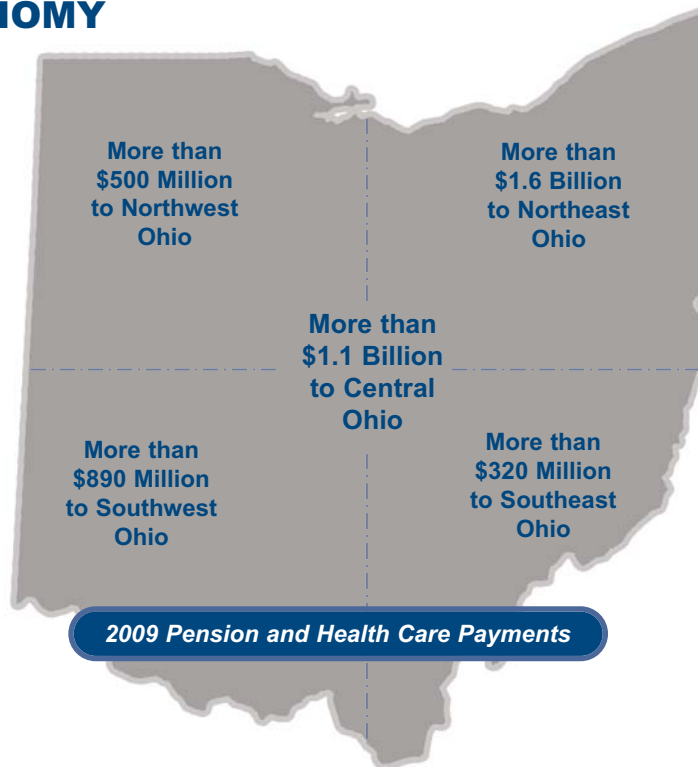




## OPERS IS GOOD FOR OHIO'S ECONOMY

- Pension payments to retirees were \$37.8 million in 1965; in 2009 they were \$3.66 billion.
- In 1974 health care payments were \$5.2 million compared to \$1.48 billion in 2009.
- Each \$1 in taxpayer contribution to Ohio's state and local pension plans supports \$5.73 in total output in the state.\*
- State and local pension funds in Ohio and other states paid a total of \$8.41 billion in benefits to Ohio residents in 2006. Retirees' expenditures from these benefits supported a total of \$11.2 billion in total economic output in the state, and \$4.7 billion in value added in the state.\*
- Retiree expenditures stemming from state and local pension plan benefits supported 79,410 jobs in the state. The total income to state residents supported by pension expenditures was \$4.3 billion.\*



2009 Pension and Health Care Payments

\*Pensionomics: Measuring the Economic Impact of State and Local Pension Plans – National Institute on Retirement Security, Feb. 2009.

## OPERS PLAN DESIGN CHANGES

For 75 years, the Ohio Public Employees Retirement System has provided retirement security for Ohio's public employees. In addition to being a prudent fiduciary for millions of Ohioans, OPERS is engaging members to provide information and education on the importance of preparing for retirement. Throughout its history, the structure of OPERS' retirement program has remained largely unchanged. During that same time, the membership demographic has changed as the number of retirees has grown and life expectancies

have increased. These facts coupled with the uneven subsidization of benefits by members led the Board to act last November 2009 to ensure the retirement security of our members. Without legislative action on OPERS' proposed pension recommendations, the Board will need to consider significant changes to the retiree health care fund to maintain the ability to provide access to health care coverage for our retirees and their dependents.

[see back page](#)

For more detailed information on the proposed benefit plan design changes, visit the "Special Coverage" section of the OPERS website at [www.opers.org](http://www.opers.org).



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**The OPERS Board realizes those members on the verge of retirement are the least able to adjust their plans or experience substantive changes. As a result, the implementation schedule of proposed benefit plan design changes was adopted to occur over a period of time. The timetable would follow an incremental transition plan to mitigate undue hardships and allow members time to prepare.**

## THE TRANSITION PLAN

To ease the burden of change and allow members time to prepare, OPERS has developed a transition plan taking into account those closest to retirement. The transition plan places members into three different groups based on their proximity to retirement eligibility.

**Group A** consists of members already eligible or who become eligible to retire within five years of the proposed benefit change's effective date. This group would be grandfathered under current provisions except for the COLA. The COLA has a five year transition period following enactment, which provides a 3-percent adjustment through the end of the transition and thereafter it is based on the Consumer Price Index (CPI).

Members in **Group B** are eligible to retire within 10 years of the benefit change's effective date or have 20 years of service credit on that date. They are also grandfathered in with the exception of the COLA, which will be based on the CPI. Unlike Group A, Group B will also be subject to the new actuarially-based formula if they retire early and take a reduced benefit, rather than the current statutory table that determines the size of the reduced benefit.

Members more than 10 years away from retirement eligibility or those hired after the effective date of the proposed benefit changes fall into **Group C**. They will be subject to all of the new provisions of the recommended plan.

Below is a snapshot of the OPERS Board benefit plan recommended changes.		
	Current Plan	Recommended Plan
*Age & Service Eligibility	Unreduced - 30 years, at any age or age 65 with 5 years of service	Unreduced - 32 years, minimum age 55 or age 67 with 5 years of service
	Reduced - age 55 with 25 years of service or age 60 with 5 years	Reduced - age 57 with 25 years of service or age 62 with 5 years
*Benefit Formula	2.2% x FAS for first 30 years of service; 2.5% thereafter	2.2% x FAS for first 35 years of service; 2.5% thereafter
Final Average Salary (FAS)	Base FAS on three highest years of earnings	Base FAS on five highest years of earnings
Cost of Living Adjustment (COLA)	3% simple COLA	COLA = change in the Consumer Price Index, not to exceed 3%
	Timing - COLA begins 12 months after retirement	No change
Contribution Rate	Members - 10% Employers - 14%	No change

### Additional elements of the proposed benefit design changes by the OPERS Board contain their own transition plans:

- Transition to making purchases of service credit actuarially neutral: The plan proposes a six month window, following the effective date of the benefit changes, to purchase service credit at the current cost. Thereafter the cost of service credit purchases will be calculated to be actuarially neutral to the system.
- Transition for raising the minimum earnable salary a member must receive to earn full service credit from \$250 per month to \$1000 per month: The plan proposes that the minimum earnable salary threshold will increase beginning the first of January following the effective date of the benefit changes.
- Establish a statute of limitations on whether prior employment can be considered to count as service time with the pension system when contributions were not made at the time of employment: The plan proposes a one-year window be provided to seek a determination for any employment prior to the effective date of the benefit changes. Going forward a five-year statute of limitations will apply to all service after the effective date.
- Changes to the disability benefit program: Changes designed to conform to industry standards for disability programs will apply to disability benefits effective after the benefit changes take effect.

The Ohio Public Employees Retirement System (OPERS) is the largest public pension fund in Ohio and the 12th largest public pension fund in the U.S.\* In operation since 1935, OPERS serves nearly 954,000 members, including more than 171,500 retirees and beneficiaries.\*Source: *Pensions & Investments*