



THANK YOU FOR YOUR SUPPORT!

On behalf of the OPERS Board of Trustees and our 986,000 members, thank you for your willing and courageous support of Substitute Senate Bill 343. The bi-partisan support we received in the Ohio House of Representatives and Senate was inspiring, given the historic changes to OPERS' benefit structure.

These changes will help ensure retirement security and the possibility of health care coverage for public employees, your members and constituents, well into the foreseeable future.

There is not enough space here to thank each person and group that helped to make pension redesign a reality, but we must recognize the efforts of House and Senate leadership, the members of the Ohio Retirement Study Council, the Senate Insurance, Commerce & Labor Committee, and House Health and Aging Committee. We praise the openness of the process and appreciate the willingness of each member of the legislature, their staff and our stakeholders to reach consensus on a very difficult piece of legislation.

Your support of Substitute Senate Bill 343 will help to strengthen OPERS and ensure its existence for future generations of public employees. More than that, because OPERS benefits help to support economic activity all over the State of Ohio, your support of pension reform means that OPERS can continue to benefit all Ohioans – public employees and taxpayers alike.

Our Executive Director, Karen Carraher, and Board Chairman, Ken Thomas, have also recorded a special thank you message for our members and stakeholders, which is available online.

We would encourage you to visit

<http://www.youtube.com/watch?v=hhYHTTU2-CY> to view that message. Additionally, we will be updating our website frequently– www.opers.org – to include important information regarding the implementation of Substitute Senate Bill 343. This information will be valuable for you and your constituents as the law's Jan. 7, 2013, effective date approaches. As always, if you have questions or concerns, please do not hesitate to contact us.

Thank you again for your support of S.B. 343.



continued on page 2

FINAL CHANGES INCLUDED IN S.B. 343

In the days leading up to final vote on Substitute Senate Bill 343, there was a flurry of activity as OPERS worked with its stakeholders and members of the General Assembly to achieve consensus. As a result, the final version of Substitute Senate Bill 343 differed somewhat from the proposal submitted by the OPERS Board back in 2009. Below are some of the provisions that were frequently discussed, extensively debated and ultimately modified in the enacted version of Substitute Senate Bill 343.

Effective Date

So much of the new law hinges on its effective date, which has been set as January 7, 2013. This is important for your members and constituents as many of the bill's provisions (e.g., the indexed Cost-of-Living-Adjustment, Service Credit Purchases, Transition Group Eligibility, etc.) are tied to the bill's effective date.

Please note: For OPERS members who are contemplating retiring prior to the Jan. 7, 2013 effective date, OPERS needs a valid, completed retirement application by the close of business Jan. 4, 2013, if applying using paper forms, or by midnight Jan. 6, 2013, if applying online. In addition, a member must have terminated public employment and be off their employer's payroll by Dec. 31, 2012.

Minimum Earnable Salary

Currently OPERS members must earn at least a monthly salary of \$250 to earn full-time service credit. As a direct result of negotiations with our stakeholder groups, Substitute Senate Bill 343 establishes a new minimum earnable salary of \$600 per month to earn full-time credit beginning January 1, 2014, and increased thereafter if an increase in compensation is granted to township trustees under the Revised Code. Pro-rated credit will continue to be granted if member earns less than the \$600 per month threshold. As part of this compromise, the bill allows the OPERS Board to define "full-time" for purposes of the additional 35% service credit for elected and appointed officials. Additionally, the bill allows the Board to establish a different threshold for establishing credit toward retiree health care coverage and, beginning in January 2014, members must earn at least \$1,000 per month in order to establish eligibility for health care coverage.

Anti-Spiking (Contribution-Based Benefit Cap)

As introduced in Substitute Senate Bill 343, the Contribution-Based Benefit Cap (CBBC) limits the retirement benefit of members who have not contributed a sufficient amount to fund their pensions. The CBBC calculation is based on the member's accumulated contributions annuitized and multiplied by a factor established by the OPERS Board. The CBBC formula amount is then compared to the member's traditional formula benefit (2.2% of Final Average Salary (FAS) multiplied by years of service.) If the formula benefit is greater than the CBBC formula amount, the member's pension will be capped.

In the final bill, the CBBC was amended to make it subject to the transition plan proposed by the OPERS Board. As a result of the amendment, all members are still subject to the CBBC; however, if a member of Transition Group A (i.e., those members eligible to retire within five years of the bill's effective date) experiences a reduction in his or her benefit because of the CBBC, such reduction cannot exceed 5% of his or her benefit. This "cap on the cap" only applies to members of Transition Group A and only if the member has earned at least \$1,000 per month for each full month of service since January 1, 1987. If, at any time since January 1, 1987, a member of Transition Group A earned less than \$1,000 in a month, he or she will not be grandfathered and will be subject to the full CBBC reduction.

Medicare Part-A Equivalent Coverage

Current law requires the OPERS Board to provide Medicare Part A equivalent coverage for a spouse of a member who is ineligible for Medicare Part A. Since the OPERS Board will be implementing changes regarding the eligibility of member's spouses for health care coverage, the final bill allows the OPERS Board the flexibility to determine the portion of the cost that will be paid by the retirement system to provide Medicare Part A equivalent coverage to retiree spouses. The change will allow those spouses who are ineligible for Medicare Part A to continue to receive Medicare Part A equivalent coverage through OPERS in the future. To that end, OPERS will continue to cover 50% of the cost for these spouses.

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The Ohio Public Employees Retirement System (OPERS) is the largest public pension fund in Ohio and the 11th largest public pension fund in the U.S. In operation since 1935, OPERS serves nearly 954,000 members, including more than 176,000 retirees and beneficiaries.