

Ohio *PERS* Plan Selection Workbook



THREE OPERS PLANS — *your choice*

**Traditional Pension
Plan**

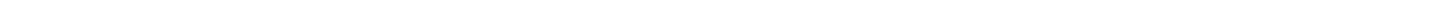
**Member-Directed
Plan**

Combined Plan



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YOU HAVE AN IMPORTANT DECISION TO MAKE

As a new OPERS member, you need to select one of the three OPERS retirement plans – the Traditional Pension Plan, Member-Directed Plan or the Combined Plan. You have 180 days from your first day of employment to select a plan. All three retirement plans have different features, so take time now to select the plan that best meets your needs.

This workbook will help you select a plan. You'll be asked to take an active role in learning about the plans by answering questions or providing information. It will be helpful to complete this workbook in a location where you can access the interactive resources on our website, www.opers.org.

 **My plan selection deadline is:** / /

Before going any further, please consider the following questions:

- Do you have service credit you can purchase?
- Do you work seasonally or intermittently?
- Do you plan to work in a law enforcement or public safety position?
- Do you have service credit with another Ohio retirement system?
- Do you plan to retire from another Ohio retirement system?

If you answered “yes” to any of these questions, it will be important for you to review the “Special Considerations” in the *New Hires: Pick a Plan* section on www.opers.org or call 1-800-222-7377 to schedule a telephone or in-person plan selection counseling appointment.


Your decision will impact your financial future

The three OPERS retirement plans are all quality plans, but one of them will better suit your career and retirement goals. This workbook will help you select the plan that’s right for you.

As an OPERS member, you will contribute 10 percent of your salary toward your retirement plan and your employer contributes an amount equal to approximately 14 percent of your salary to OPERS.

Because this is a significant amount of money, selecting your retirement plan is a very important decision.

There will come a day when you decide to retire or you can no longer work, and this will be the money you have to live on.

 I understand that I contribute _____ %
and my employer contributes _____ %
to OPERS.

LET'S COMPARE THE THREE OPERS RETIREMENT PLANS

To help you understand the differences between the three retirement plans, we're going to compare the plans by:

- How contributions are invested
- Calculation of retirement payments
- Calculation of refund amounts
- Additional features
- Costs



In addition, we offer an online tool called the Plan Comparison Calculator that provides a side-by-side comparison of the estimated payments you can receive from each plan. To access the Plan Comparison Calculator, login to your personal account at www.opers.org.

Comparing the retirement plans by the investment of contributions

In all three retirement plans, you contribute 10 percent of your salary and your employer contributes 14 percent.

Traditional Pension Plan

OPERS manages the investment of both member and employer contributions to ensure that funds are available for your retirement payments.

Member-Directed Plan*

You select where your member and employer contributions are invested from a group of funds monitored by OPERS investment professionals. Selecting your investment options is easy, and we will show you how simple the process is later in this workbook. Your account will fluctuate based on the performance of the investments and the vested account balance is available to you at retirement.

Combined Plan*

There are two portions to this plan: one funded by member contributions and the other funded by employer contributions. Your retirement payments will be the total of both portions.

1. Member Contributions

You select where your contributions are invested from a group of funds monitored by OPERS investment professionals. Your account will fluctuate based on the performance of the investments, and the account balance is available to you at retirement.

2. Employer Contributions

OPERS manages the investment of employer contributions to ensure that funds are available for your retirement payments.

IMPORTANT - Although the Combined Plan may seem to be a combination of the Member-Directed and Traditional Pension Plans, please do not assume this plan will yield the highest payment. Use the Plan Comparison Calculator at www.opers.org to accurately determine which plan will help you achieve your retirement goals.

**With a minimum account balance, you may also be eligible to establish a self-directed brokerage account. For additional information, please visit www.opers.org/investments.*

Comparing the plans by retirement payments

When you leave public employment, you have two options to receive your money.

If you are eligible, you can receive retirement payments. If you are not eligible for retirement payments, or if you do not want to receive retirement payments, you have the option of choosing a refund, which is a lump-sum withdrawal of your account. First, let's discuss retirement payments and then describe refund values.

Retirement eligibility	
You must meet one of the following age and service requirements to be eligible to retire	
Traditional Pension Plan	Unreduced Benefit
	<ul style="list-style-type: none"> ● Age 67 with 5 years (or 60 contributing months) of service ● Age 55 with 32 years of service
Member-Directed Plan	Reduced Benefit
	<ul style="list-style-type: none"> ● Age 57 with 25 years of service ● Age 62 with 5 years (or 60 contributing months) of service
Member-Directed Plan	Age 55
Combined Plan	Same as Traditional Pension Plan



I plan to work ____ years in an OPERS-covered position, and I understand that will determine if/when I am eligible to receive retirement payments.

Retirement payments	
All three OPERS retirement plans can provide retirees with lifetime payments based on a formula.	
Traditional Pension Plan	Lifetime payments based on a formula that includes your length of career and salary history*
Member-Directed Plan	Lifetime payments based on a formula that includes your vested account balance and age at retirement
Combined Plan	Lifetime payments based on a formula that includes your length of career and salary history* plus your vested account balance and age at retirement

*salary history = Final Average Salary (FAS), which is the average of your five highest years of salary.

Comparing the plans by retirement payments
(continued)

An important point to consider is when you plan to begin receiving retirement payments. If you plan to begin receiving payments within the next five to 10 years, it is important to use the **Plan Comparison Calculator** because the investments in the Member-Directed and Combined Plans will have a limited amount of time to grow, so those two plans may not yield the highest payments.

The easiest way to estimate your retirement payments from any of the three retirement plans is to visit our website during your first 180 days of employment, login to your personal “My Account” and use the Plan Comparison Calculator.



I used the Plan Comparison Calculator to estimate my initial monthly retirement payments under each of the plans.



Traditional Pension Plan \$ _____ per month
Member-Directed Plan \$ _____ per month
Combined Plan \$ _____ per month

Refund amounts

When you leave public employment, if you are not eligible for retirement payments, or if you do not want to receive retirement payments, you can choose to receive a refund, which is a lump-sum withdrawal of your account. The refund amount is different under each plan. Use the Plan Comparison Calculator to estimate your refund amounts from each of the plans.

I plan to work _____ years in an OPERS-covered position, and I understand that will impact the amount I will receive in a refund from each of the plans.



I used the Plan Comparison Calculator to estimate my refund amount from each of the plans.



Traditional Pension Plan \$ _____
Member-Directed Plan \$ _____
Combined Plan \$ _____

**Comparing
the plans by
additional
features**

Additional features in the [Traditional Pension Plan](#) and the [Combined Plan](#) are identical.

Health Care

Although Ohio law does not guarantee health care coverage, OPERS understands the importance of this coverage and plans to extend access to health care coverage to retirees as resources permit. The OPERS Board of Trustees determines the health care eligibility requirements, coverage and costs, which are reviewed each year and subject to change. Currently, access to health care coverage in retirement is offered to members in the Traditional Pension Plan and the Combined Plan who meet one of the following requirements:

- At least 60 years old with at least 20 years of qualifying* service credit
- Any age with at least 30 years of qualifying* service credit

Visit www.opers.org for additional health care information.

*Qualifying service credit includes contributing service, certain types of service transferred from other Ohio retirement systems, service purchased under USERRA (military service that interrupts public service), restored service (service that was previously withdrawn) and unreported service.

Survivor Benefits

If you have **at least 18 months of service credit** in the Traditional Pension Plan or Combined Plan, your surviving family members or beneficiaries may qualify for monthly benefits if you die before retirement or while receiving a disability benefit. See the *Survivor Benefits* booklet available on the OPERS website for details.

Disability Benefits

If you become permanently disabled and have **at least five years of service credit**, you may be eligible to receive a monthly disability benefit under the Traditional Pension Plan or Combined Plan. See the *Disability Benefits* booklet available on the OPERS website for details.

Additional features in the [Member-Directed Plan](#)

Health Care

The Member-Directed Plan does not offer health care coverage. However, a portion of the employer contributions are credited to a Retiree Medical Account (RMA). The account earns interest each year. The interest rate is tied to the annual investment return of OPERS' pension assets. If investment returns are greater than zero, the interest rate credited to the RMA will be 4 percent; if returns are zero or negative, the interest rate will be zero.

You will begin vesting in your RMA at a rate of 10 percent per year at the completion of five full years of service, and you will be fully vested at 15 years.

After you leave OPERS-covered employment and take a distribution from your investment account, you can submit claims against the balance in the RMA to pay for qualified medical expenses, including the payment of premiums for health insurance coverage (obtained on the individual market, not through OPERS).

Comparing the plans by additional features
(continued)

Surviving family members or beneficiaries

The Member-Directed Plan does not offer survivor benefits, however, in the event of your death, the vested portion of your investment account balance will be paid to your beneficiaries in a one-time, lump-sum payment. In addition, the vested balance of your Retiree Medical Account can be used by your qualified dependents to pay for qualified medical expenses.

Disability

The Member-Directed Plan does not offer disability benefits, however, after you terminate OPERS-covered employment, the vested portion of your investment account balance is available to you in a one-time, lump-sum payment. In addition, the vested balance of your RMA can be used to pay for qualified medical expenses (after you take a distribution from your investment account).



(check one)

I want money saved in a Retiree Medical Account to help pay my qualified health care expenses during retirement.

(Member-Directed Plan)

OR



(check one)

I want access to OPERS health care coverage during retirement.*

**Health care is not guaranteed*

(Traditional Pension Plan or Combined Plan)

Comparing the plans by costs

Traditional Pension Plan - The costs to operate the Traditional Pension Plan are deducted from the assets of the plan. The expenses vary by year and are reviewed and approved by the OPERS Board of Trustees.

Member-Directed and Combined Plan - In the Member-Directed Plan, employer contributions equal to 0.5 percent of your earnable salary will be used to pay a portion of the Member-Directed Plan's administrative expenses. In the Member-Directed and Combined Plans, an administrative fee of \$5 is deducted from member contributions and earnings in your investment account. This fee applies to all active and inactive members, regardless of their balance, and is subject to change each year. The OPERS Board of Trustees will review the fees annually and make adjustments in future years as necessary.

Each OPERS investment option charges an expense ratio. A list of expense ratios is provided on www.opers.org.

If the OPERS actuary determines that the number and demographic characteristics of members who have elected to participate in the Member-Directed and Combined Plan results in a negative financial impact on the Traditional Pension Plan, a portion of the employer contributions may be withheld and credited to the Traditional Pension plan. For 2016, the amount withheld is equal to 1 percent of your earnable salary. The amount is scheduled to increase to 1.5 percent for 2017 and 2 percent for 2018.

SELECTING INVESTMENTS IN THE MEMBER-DIRECTED AND COMBINED PLANS

If you elect to participate in the Member-Directed or Combined Plan, you will choose the investments in your retirement plan. You can choose either Target Date or core funds. Both the Target Date Funds and the core funds are monitored by OPERS investment professionals.

A Simple Way to Invest – OPERS Target Date Funds

The Target Date Funds offer a simple way to invest for your retirement. Rather than selecting and monitoring a collection of funds, you choose just one Target Date Fund to ensure a well-diversified portfolio. Target Date funds automatically change over time to become more conservative as you get closer to retirement. With a single decision, you get a portfolio that is well diversified based on your time until retirement.

The Target Date Funds consist of a mix of the OPERS core funds, which are discussed below.

Build-Your-Own Portfolio

As an alternative to choosing a Target Date Fund, you can build your own portfolio using the OPERS core funds. To learn about creating your own portfolio, view the *OPERS Retirement Plan Investment Guide* for new members at: www.opers.org/members/plan-select/tools/guide.shtml

If you were born:	and you expect to retire at age 65, then consider:
before 1953	OPERS Target Payout Fund
1953-1957	OPERS Target 2020 Fund
1958-1962	OPERS Target 2025 Fund
1963-1967	OPERS Target 2030 Fund
1968-1972	OPERS Target 2035 Fund
1973-1977	OPERS Target 2040 Fund
1978-1982	OPERS Target 2045 Fund
1983-1987	OPERS Target 2050 Fund
1987-1991	OPERS Target 2055 Fund
After 1991	OPERS Target 2060 Fund

For additional information, including Morningstar profiles, please visit our website. You can make changes to your OPERS investment elections at any time.

If I select the Member-Directed or Combined Plan, I understand that:



I can select one OPERS Target Date Fund.

OR



I can build my own portfolio using the OPERS core funds.

KEY FEATURES OF THE PLANS – WHICH PLAN IS BEST FOR YOU?

Traditional Pension Plan

- Lifetime payments based on a formula that includes your length of career and salary history
- OPERS makes investment decisions
- Survivor benefits (eligible to receive at 18 months)
- Disability benefits (eligible to apply at five years)
- Access to OPERS health care coverage* (eligible to receive access at 20 years and age 60 or 30 years at any age)

Member-Directed Plan

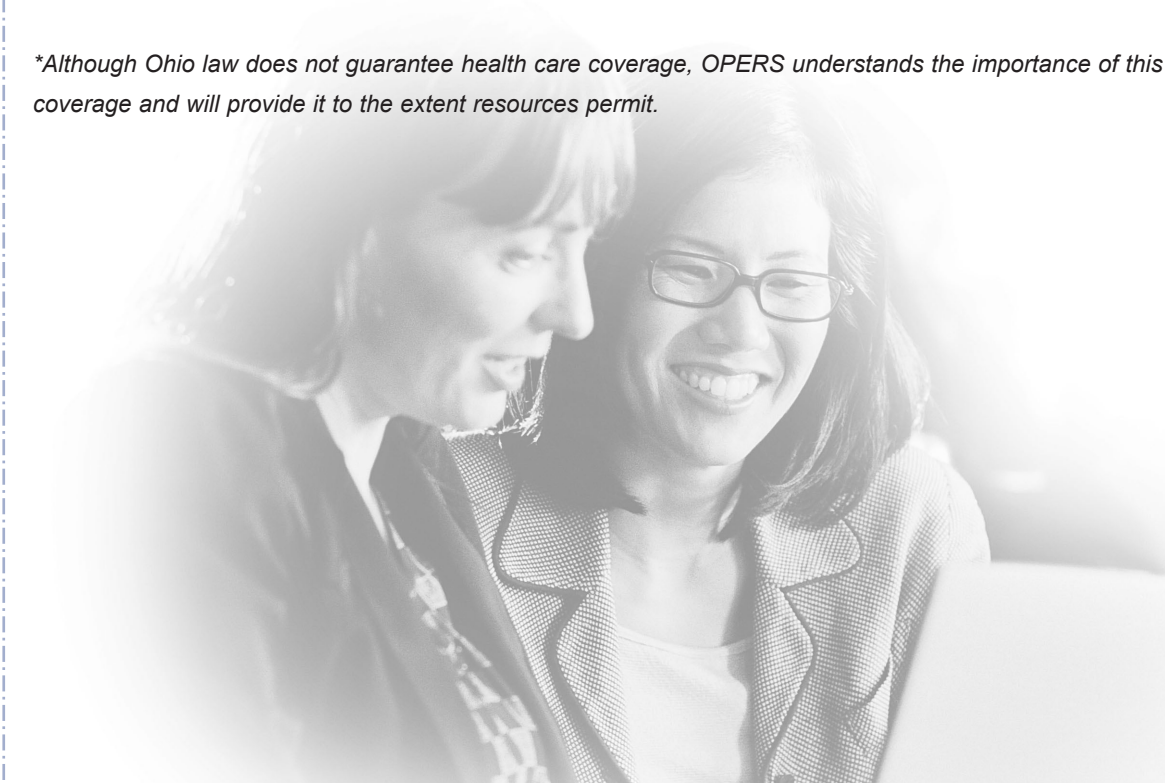
- Lifetime payments based on a formula that includes your vested account balance and age at retirement
- You select where member and employer contributions are invested
- Employer contributions vest at 20 percent per year, 100 percent vested at five years
- Retiree Medical Account to help pay qualified health care expenses

Combined Plan

- Lifetime payments based on a formula that includes your length of career and salary history **plus** your vested account balance and age at retirement
- You select where your member contributions are invested
- Survivor benefits (eligible to receive at 18 months)
- Disability benefits (eligible to apply at five years)
- Access to OPERS health care coverage* (eligible to receive access at 20 years and age 60 or 30 years at any age)

If you do not select a plan within 180 days of your start date, you will default to the Traditional Pension Plan. All three retirement plans have different features, so take time now to select the plan that best meets your needs.

**Although Ohio law does not guarantee health care coverage, OPERS understands the importance of this coverage and will provide it to the extent resources permit.*



RESOURCES TO HELP YOU

You've just completed an overview of the three OPERS retirement plans. Here are additional resources to help you select a plan:

Plan Comparison Calculator – See projected estimates of retirement payments and refund amounts from all three plans. To use the calculator, login to your “My Account” on www.opers.org.

Seminars

- In-person presentations
- Online – live and interactive webinars
- Online – recorded presentations

To view the schedule for the *How to Select Your OPERS Retirement Plan* seminars, visit www.opers.org and click on *New Hires: Pick a Plan*.



Call the **Help Line** at 1-866-OPERS-4-U (1-866-673-7748) for personalized counseling, weekdays, 8 a.m. – 4:30 p.m.

I made my plan selection before the end of my 180-day election period.



On / / I selected the _____
retirement plan.

THREE OPERS PLANS — *your choice*

Traditional Pension
Plan

Member-Directed
Plan

Combined Plan





PLAN SELECTION WORKBOOK

It is your responsibility to be certain that OPERS has your current physical and e-mail address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account.

This workbook is written in plain language for use by public employees who are subject to coverage under the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail

should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.

OPERS is not required to provide health care coverage to retirees or their dependents and will only do so at the discretion of the Board of Trustees.

