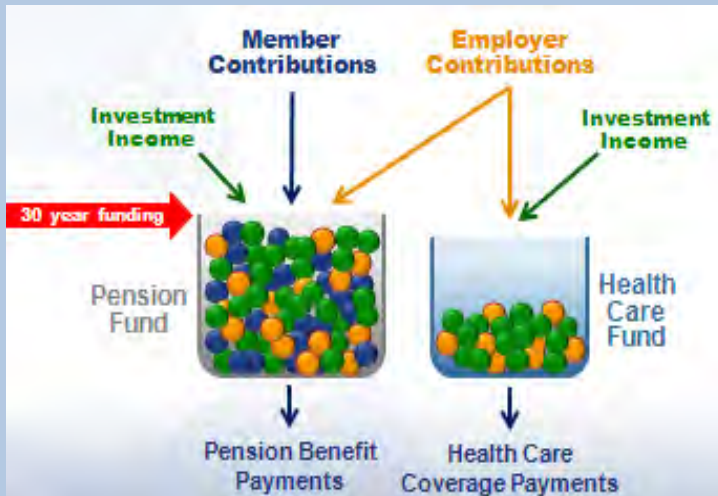


# OPERS Proposed Health Care and Pension Plan Changes



## Key Points

### How We Got Here



There are several factors impacting OPERS' funding, such as, increased life expectancies, growth in retirees and economic downturns.

OPERS has three sources of funding: member and employer contributions and investment returns. In order to meet our 30 year statutory funding requirement, OPERS shifted a portion of the employer contributions to the pension fund.

Without passage of legislation in 2012, beginning in 2014, there would be 0% employer contributions to the health care fund. This means no health care coverage for 224,000 retirees, spouses and children as early as 2014.

### Pension Plan Changes

#### Pension Plan Redesign

Age and Service Eligibility:

Reduced Age & Service Eligibility:

Age & Service Reduction Factors:

Benefit Formula:

Final Average Salary (FAS):

Cost of Living Adjustment (COLA):

#### Board Recommendation

Age 55/32 years of service or age 67/5 years

Age 57/25 years of service or age 62/5 years

Established by actuary

2.2% for all years of service up to 35, 2.5% after

5-year FAS

COLA = CPI, not to exceed 3%

#### Transition Group

C

C

B and C

C

C

A, B, and C

### Board Health Care Preferences

The following list represents the Board's preferred changes on several important factors under consideration in the health care program:

#### Without passage of legislation:

Scenario 1: Maintain current health care plan and spend down funds by 2020

Scenario 2: Change health care to what is legislatively required only

#### With passage of legislation:

Scenario 1: Maintain current health care plan and spend down funds by 2026

Scenario 2: Change to a new health care preservation plan (*see reverse side for board preferences*)

### Current and Future Retirees

- Providing no allowance or access to health care coverage for retirees' spouses under age 65. This proposal applies to both future and current retirees.
- Offering access, but no allowance, to spouses covered by Medicare.

- Offering access to health care coverage for dependent children only if the retiree has 20 or more years of service.
- Restructuring the health care allowance based on years of service and age.
- Establishing a minimum allowance of 51 percent and a maximum of 90 percent for future retirees. Current retirees at or above a 75 percent allowance would receive between 75 and 90 percent.
- Reducing or eliminating the Medicare B reimbursement.
- Introducing a new, personalized plan model for recipients with Medicare that will allow them more choices and greater affordability.
- Spouses will not assume the members health care upon the death of a retiree.
- Spouses of members who die before or after retirement will not assume the members health care allowance.

### **Future Retirees**

- Minimum age of 60 with 20 years to become eligible for health care coverage. Health care coverage could be attained at any age for those with at least 30 service years.
- Limiting eligibility for health care coverage to only contributing service, service time in other Ohio retirement systems, and restored service credit.
- Limiting health care coverage for disability recipients to the first five years of disability retirement unless approved for a federal program.

### **Timeline**

- Board considering health care reductions with a final decision expected by this fall on what the new plan will look like

### **Action Items**

- As a show of support, sign the online petition at [www.opers.org](http://www.opers.org), or the post card you received.
- Keep your email address current in order to receive important updates.
- Stay tuned to the special coverage section of the OPERS website,
- Read your newsletters.

### **Resources**

- OPERS Pension Legislation Update handout
- Special Coverage section of OPERS website, [www.opers.org](http://www.opers.org)
- OPERS toll free number: 1-800-222-7377

### **Notes**

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