Ohio Public Employees Retirement System

House Bill 413 – What you need to know

The OPERS Board of Trustees recommended the following changes to the cost-of-living adjustment which are contained in House Bill 413:

- Tying the COLA to the U.S. Consumer Price Index and capping it at 2.5% beginning in 2019.
- Restoring 85% purchasing power for those retirees whose purchasing power is less than 85%.
- Increasing COLA cap if inflation exceeds 3% and funding measures are met.
- COLA freeze if OPERS amortization is at 30 or more years.
- Delaying initial COLAs for future retirees until their second pension anniversary.
- Delaying implementation by two years for retirees who retired from Jan. 1, 2010 through Jan. 1, 2013.

These changes will save OPERS approximately $4 billion.

In the last 30 years, COLA has tended to outpace inflation 60% of the time.

In 2016, OPERS paid $5.3 billion in pension; the COLA accounts for $1.3 billion of that amount.

WHY NOW?
OPERS is in a strong position to continue funding benefits for current retirees and for future generations. Since we cannot predict future events we must proactively assess our fund and make these changes now to remain financially secure.

WHY MAKE CHANGES TO THE COLA?
Our retirees are living longer in retirement requiring us to pay benefits for many more years than in the past. More importantly they are spending more years in retirement than they did contributing to the System.

Despite years of positive returns, a $19 billion unfunded liability still exists. That’s the amount OPERS has to fund on future benefit payments already earned beyond what we currently have in assets.

Further, we are in a decades-long period of low inflation. Changes to the COLA will help account for longer life expectancy, preserve the long-term financial strength of the System, and serve the COLA’s intended purpose – mitigating inflation for retirees.

For the most up-to-date news and information, visit opers.org/cola.
Pension eligibility

Am I eligible for health care?

AVERAGE BENEFITS PAID TO AN OPERS RETIREE UNDER THE TRADITIONAL PENSION PLAN*

Average age at retirement **57.6 years**
Average years of service at retirement **23 years**
Average Final Average Salary $**41,519**
Average pension at retirement $**20,545**

TOTAL HEALTH CARE COSTS IN 2016*

Retirees and beneficiaries covered under OPERS health care **234,578**
Health care costs on behalf of retirees and beneficiaries $**1.2 billion**
Health care costs are **65% funded**

TOTAL BENEFITS PAID IN 2016*

Pension benefits **$5 billion**
Disabilities benefits **$648.1 million**
Survivor benefits **$187.2 million**
Total number of retirees **208,381**
Pension liabilities are **80% funded**

*as of Dec. 31, 2016