

EMPLOYER Outreach

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM



OPERS aims to partner with employers on GASB standard implementation

The first wave of employer-specific webinars—conducted in November and December 2013—had near-record attendance. Almost 200 employers, and other stakeholders, signed up for the live Executive Track seminar and an additional 200 employers signed up for the Operations Track edition.

Staggered approach

With 3,700 OPERS-employer reporting entities, OPERS recognized the knowledge level and learning preferences of the employer group would vary from employer to employer. To accommodate this spectrum AND the amount of information necessary to implement the standard, OPERS established a staggered approach to maximize the outreach.

To this end, employers will receive ongoing information and training opportunities aimed at two different audiences and designed to accommodate different learning styles.

Regarding audience segmentation: All GASB implementation information has been and will be placed in an Executive Track (for those who manage implementation, but not necessarily handle the details) and an Operations Track (exact, how-to information for those handling the finance and accounting details).

Regarding learning styles: We know adult learners have different learning styles. Therefore, within each track, multiple educational opportunities will be offered including webinars, call-in help, online forums for similar-employer interaction, templates and job aids.

Enclosed with this newsletter are two info-graphs that show, at a glance, the importance of OPERS to the stability of employers, to employees, and to the state of Ohio.

Our job is made a little more complex because not all GASB-required details have been released—another reason for the staggered implementation approach.

Initial employer feedback

All employers who participated in the initial webinars were encouraged to provide feedback. For the Executive Track webinar, approximately 39 percent of the attendees gave feedback. The feedback was generally positive.

OPERS' biggest takeaway: We learned more must be done—and so we will continue to partner with all employer entities until the implementation is completed. In addition...

- Almost 60 percent of the attendees responding felt they were still not knowledgeable enough to complete GASB-compliant financial statements.
- Those 60 percent gave specific topics on which they wanted more information, and that's exactly what we needed to craft additional training opportunities for employers.

What's next?

Enclosed with this newsletter are two info-graphs that show, at a glance, the importance of OPERS to the stability of employers, to employees, and to the state of Ohio. We encourage you to use the employee-specific info-graph in your newsletter, as handouts, during onboarding, or in staff meetings.

We also included one for employers so that you have important at-a-glance information that will help you with external messaging on the importance of OPERS. (Of course, if you choose and employees are interested, this employer info-graphic may also be shared with employees.)

Additional copies of all OPERS informational materials may be requested online via the Employer Forms section on the OPERS website. 

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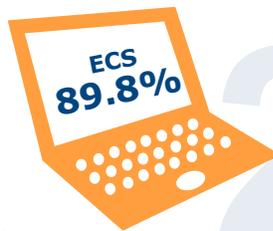
Year in review-2013

Each year brings its own challenges and opportunities. The year 2013 was no exception. Throughout the year, staff and management at OPERS worked to:

- Implement the pension legislation provisions,
- Partner with employers to provide tools to help you report and remit retirement contributions for your employees,
- Provide superior customer service to members, your employees, and, as always...
- Strengthen the fund so that OPERS continues its nearly 80-year tradition of providing secure pensions for Ohio's public employees.



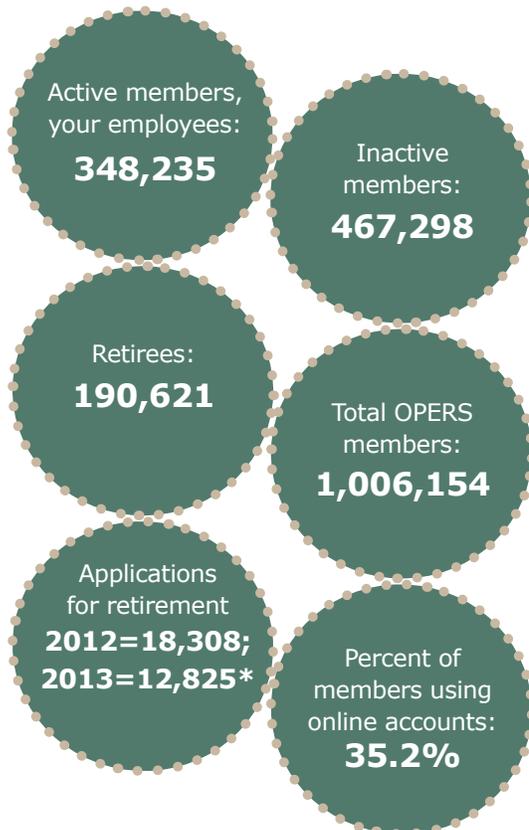
HOW DID WE DO? Here's how we look by the numbers...



EMPLOYER DATA:

WHO'S ONLINE? Take a look, of the 3,700 employer organizations...

MEMBER DATA:



HERE'S HOW OFTEN WE WORKED TOGETHER...



Newly elected members of OPERS' Board take oath January 2014

All OPERS members and retirees are represented by a designated member on the Board of Trustees—retirees are represented by two members. Elections for members of the Board are staggered to ensure consistency for initiatives and retention of institutional knowledge.

In 2013, three seats were up for election: county, miscellaneous, and one retiree representative.

And the winners are...

Sean Loftus is new to the OPERS Board of Trustees, representing county employees. Loftus is uniquely qualified for the position having served as a county employee for more than 17 years. He currently serves as a public works supervisor for Cuyahoga County. Loftus states, "I have a sincere interest in serving on the Board of OPERS in order to see that sound fiscal policies are kept intact. I will be a dedicated advocate for all Ohio county employees."

Cynthia L. Sledz was elected to a fourth term to the OPERS Board of Trustees, representing miscellaneous employees. Sledz is a librarian for the Cuyahoga County Public Library, and has been a public employee for 25 years. During her tenure on the Board of Trustees,

Sledz has earned an extremely positive reputation as a dedicated and positive voice for her constituency.

Sledz' leadership has been important to OPERS and its members. During her service on the OPERS Board, she notes the pension fund has stabilized; the funded status of the pension fund has increased; and the solvency of the health care fund has increased such that access to health care for member-retirees has been maintained.

John W. Maurer, an attorney and retired judge, was also a former tax auditor, business law instructor, and U.S. marine. Maurer was first elected to the OPERS Board of Trustees as the representative for state employees in 1991. He was then elected as a retiree representative twice, the position to which he was re-elected in the past election. Maurer states, "I provide broad experience and current knowledge of OPERS and Deferred Compensation operations. I diligently present retiree's concerns to the other Board members, and will continue to work aggressively to protect all of our benefits." 



Sean Loftus



Cynthia L. Sledz



John W. Maurer

Employer Resources

Feedback needed for OPERS-sponsored training on GASB

OPERS is working to provide employers with the information they will need to effectively implement the new GASB standards. The volume of information surrounding the GASB standard implementation is significant. We determined the best route to take was to separate the information into two tracks so that the right individuals within each employer organization would have access to the information necessary to accurately implement the GASB standards. The two tracks are:

- **Executive Track webinar**
 - Was provided in live format in November
 - Recorded sessions will be available soon
 - Session provides:
 - High-level overview of the new GASB pension reporting requirements
 - Reviews the anticipated potential impact on employers
 - Some background and basic information
 - Implementation facts for employers, including issues, and
 - Communication Plan
- **Operations Track webinar**
 - Was provided in live format in December
 - Recorded sessions will be available soon
 - Session provides financial operation-specific implementation information

Immediate action requested

We recognize the initial webinars will require augmentation in the coming months. OPERS is planning ongoing training and other informational tools based on employer feedback. To create on-target training, we need your input.

Here's what you need to do to help ensure employer-specific training is on-target for you and your employer peers.

- Access the appropriate live-recorded Executive and Operations Track webinars (if you have not already done so)
- Ensure those in your organization who need to also access the appropriate seminar (some individuals may want to attend both tracks),

- Make sure you give OPERS the feedback requested at the end of each live webinar track. If viewing the recorded versions, please submit feedback to GASBoutreach@opers.org.

Non-pensionable earnings—defined

Some public-employee positions exist for which the wages are not considered to be pensionable earnings—this means employers do not withhold employee retirement contributions, nor should you contribute the employer share for these earnings.

The exact definitions for pensionable and non-pensionable wages are defined by Ohio Revised Code. Here are the most common examples (although not all) of non-pensionable wages earned by public employees:

- Wages earned on a per-action basis such as:
 - Emergency medical personnel paid per-run
 - Board and commission members paid per-meeting
 - Court reporters paid per-page
 - Proctors or facilitators (online or classroom) paid per-student or per-exam
 - Physicians or other medical professionals paid per-procedure or per-exam
 - Public safety or law enforcement members who perform work for an entity other than their primary employer during their regularly scheduled off shifts. Non-pensionable status holds firm even if the hiring entity provides funds to the public employer to pay the law enforcement or public safety officer. The work is being performed for a third party during off hours and, therefore, represents service over and above the individual's regular job—meaning the wages generated for that type of work become non-pensionable.

What are the consequences?

Submitting retirement contributions (employee and employer) for non-pensionable wages is a costly error. In addition to the up-front contribution cost, when employers erroneously report wages as pensionable, significant issues occur, including:

- Employers are out of compliance with Ohio Revised Code
- Potential to have employee retirement accounts inaccurately calculated (meaning employees may be making retirement decisions on inaccurate information)

(continued)

Employer Resources

- Large earnings inquiries can be triggered
- Contributions withheld and remitted on non-pensionable wages ultimately must be refunded—causing labor-intensive work-around activities, both within employer organization and OPERS. Both organizations need to correct the error by adjusting accounting, generating refund information, and communicating with all stakeholders.

What to do when a mistake occurs: Any employer submitting, or who has submitted, contributions based on these definitions must submit a refund request, *Employer Request for Return of Unauthorized Contributions* (form F-103).

Uncertain? Call OPERS; we can help

Contact the Employer Call Center at 888-400-0965, after entering the first four digits of your employer code, select option #2 to be connected with a compliance specialist.

Employer Advisory Council—Inaugural meeting recap

According to feedback received, the launch of the newly formed Employer Advisory Council (EAC) was a worthwhile use of employer time.

What is EAC?

The EAC was established to provide OPERS with employer input for the implementation of operational enhancements. OPERS invited a cross-section of employers, representing all sizes, types and locations of OPERS-reporting employers, to participate on the council. Employers who accepted agreed to a minimum of a two-year commitment and accepted the responsibility to attend meetings (in person or virtually) so that they could review proposed operational enhancements prior to implementation. (We can all agree that work-around activity after a process has been implemented can be costly and time-consuming.) This working group was deliberately kept small (15 employer organizations are EAC members at any given time) and representative to ensure maximum input from each employer-type representative.



High-profile group

Anticipation was high for the first meeting and OPERS executive management turned out in force to welcome the employers. Blake Sherry, OPERS' COO welcomed the group. Topics included high-level updates on implementation of new GASB standards (by Jennifer Starr, OPERS' CFO) and the state of health care (by Marianne Steger, OPERS' director of health care). More than half the EAC organizations attended the inaugural meeting, and many included their organization's subject-matter experts (topics were announced prior to the meeting with the intention of having employer experts attend).

Operational topics

The group was updated on, and provided input on a wide variety of topics affecting employers (and OPERS). Topics vetted included: large earnings initiative and the upcoming implementations that will impact the requirement for employers to report at least monthly, non-contributing lists and disability retirement—the latter three topics are driven by pension legislation implementation.

Surprise finale

Those attending in person had the opportunity to interface with and provide input for the revised, not yet launched, online retirement planning tool. What was the response?

- 100% of respondents indicated the tool is easy to use (again, this is the version under revision).
- 100% of respondents were confident they would recommend the revised tool to employees to assist in making retirement decisions.
- 100% of respondents found the health care calculator is easy to use.

Most importantly, it seemed all employer representatives found the interaction to be important, rewarding and an effective investment of their time. ▲

Personalized Annual Statements—New and improved

The right tools can make a significant difference to any project. OPERS works to provide the right tools for your employees so that they can make the right retirement decision. OPERS has provided the *Personalized Annual Statement* since 1954; we recognize it's one of the best tools for retirement decision making because it's chock full of individualized information.

With the implementation of the provisions of the recent pension legislation, OPERS took the initiative to update and revise the *Personalized Annual Statement*. We're working to ensure all employers know about the changes so that you're in the position to answer questions from your employees.

••• **This is the new design with more information:**

- Here's where the information on service credit will be shown
- Here's where account information is found
- Each year, employees should take the opportunity to verify certain information (name, address, start date.)

This Personal Statement of Estimated Benefits was prepared especially for:

Jane A Doe
1234 Anystreet
Anytown, USA 12345-5432



Ohio Public Employees Retirement System
277 East Town Street
Columbus, OH 43215-4642
1-800-222-7377
www.opers.org

This statement contains important information about your account and the benefits available to you and your beneficiaries as a member of the Ohio Public Employees Retirement System. All information within this statement reflects our records as of December 31, 2013.

Your OPERS Benefits at a Glance - Traditional Pension Plan

Contributions	Amount
Contributions made during 2013	\$4,250.00
Total contributions as of December 31, 2013	\$30,600.00
Additional Annuity contributions	\$2,200.00
*Account Value	
Account value as of December 31, 2013	\$75,000.00
Service Credit	
Service Credit earned and/or purchased during 2013	1,000 years
Total service credit as of December 31, 2013	17,000 years

*Please see page 3 for account value details.

In September 2012, the Ohio General Assembly unanimously approved new pension legislation, Substitute Senate Bill 343, which went into effect Jan. 7, 2013.

MAIN COMPONENTS OF SUB. S.B. 343 - Subject to the transition plan described below.

Age and service retirement eligibility criteria - Increased requirements by two years and added a minimum retirement age of 55 with 32 years of service.

Benefit formula - Increased the number of years to obtain the increased 2.5 percent multiplier from 30 to 35.

Final average salary - Increased the number of years included in the final average salary from highest three to highest five.

Cost of Living Adjustment (COLA) - Modify the annual COLA from a fixed simple 3 percent to the average change in Consumer Price Index (CPI), not to exceed 3 percent. Subject to a five-year transition plan described below.

Age reduction factors for early retirement - Replace those currently set in statute with new as determined by an actuary.

Transition Plan:

Group A - Eligible to retire under the current eligibility requirements on or before Jan. 7, 2018 - grandfathered under pre-S.B. 343 law for all major components above except COLA.

Group B - Members who have 20 years of service credit on Jan. 7, 2013, or who are eligible to retire under the pre-S.B. 343 eligibility requirements after Jan. 7, 2018, but on or before Jan. 7, 2023. - Grandfathered under current law for major components above except COLA and age reduction factors; subject to modified age and service retirement eligibility.

Group C - Eligible to retire after Jan. 7, 2023 or members hired on or after Jan. 2013 - Subject to all new plan provisions.

For more information about pension changes, please visit www.opers.org. Please see page 2 for more information about your transition group.

Reminders—some things will remain the same:

- Staggered release dates are back on track for the 2013 statement delivered in 2014: Statements will be released on a staggered basis beginning in April. Statements will be mailed to home addresses, batched by categories and zip codes (meaning employees who work side-by-side will not necessarily receive statements at the same time), or will be posted online for those members with online accounts.
- If your employees are concerned about a difference between the annual statement and a W-2, please remind them the total 2013 salary shown on the OPERS *Personalized Annual Statement* may differ from the total salary shown on W-2 forms because:
 - Not all salary is subject to retirement contributions, and
 - W-2 forms may include wages paid during 2013, while the OPERS *Personalized Annual Statement* includes only wages earned during 2013.

Employers, take note:

OPERS strives to ensure the accuracy of each annual statement—after all, what use is a financial statement with inaccurate information? You can help us. Here's how:

- All error codes for Social Security numbers (SSN) must be resolved for employees to receive their annual statements. Need to resolve SSN errors?
 - Employer errors can be handled without the actual SSN card, simply contact OPERS in writing with the correct SSN. This written explanation can be faxed to 614-857-1178 or e-mailed to employeroutreach@opers.org
 - Employee errors require a copy of Social Security card. OPERS must receive a copy of the Social Security card with the accurate SSN distinctly visible. A copy of the Social Security card can be faxed to 614-857-1178 or mailed to OPERS.
- Similarly, unanswered large earnings clarifications will prevent employees from receiving accurate statements.

Clock is ticking

All outstanding accounts AND errors must be resolved by Jan. 31, 2014 for your employees to receive accurate 2013 annual statements. Statements will be processed at the beginning of February.

Need help? Call Employer Services at 888-400-0965. 

Info to Go

Year-end reminders

Reminders can be overlooked, so before these reminders are skipped—take a moment to cast your eye upon them, just to be sure...

- **Report at least monthly:** As always, earnings must be reported when earned, not paid—but, as of Jan. 1, 2014, earnings must be reported monthly or more frequently. This is especially important as accurate reporting will help your employees accurately accrue service credit months—the key to earning credits toward health care, pensions, and contributing months.
- **Dec. 31 payroll:** Required to finalize your year-end payroll by Dec. 31, even when that's not the actual pay period end (PPE) date for your pay schedule? If you answer yes to that question, you'll need to ensure retirement contribution reporting is accurate and not rejected due to a pay frequency code/date mismatch. Here's how:
 - On the last report of December, make sure you code each employee with a pay period begin (PPB) code of H showing OPERS a pay schedule or frequency change.
 - Then, on the first report of 2014, again code each employee with a PPB code of H.
- **Pick-up plans:** By law, township elected officials cannot have fringe benefit pick-up plans. If your organization offers fringe benefit pick-up plans, now is a good time to ensure you are in compliance. Making changes to the pick-up plans you currently have in place? Make certain to submit to OPERS for review and approval prior to enacting any changes.
- **Conversion plans:** OPERS-specific approval is an *annual event*. Although March 31 of any year is the official deadline for approval, conversion plans must be approved prior to payout.

Reviewing stockpiled forms is always a good idea, but especially important this year due to the number of informational pieces revamped to reflect the pension legislation changes.

Reviewing stockpiled forms is always a good idea, but especially important this year due to the number of informational pieces revamped to reflect the pension legislation changes. More than 27 forms were updated including disability forms, informational leaflets and all major publications.

How can you verify you have and are using the most recent iteration of any form? The OPERS website, www.opers.org will always have the most recent version. Check what you're using against the online version (all forms will have revision date in the lower left-hand corner). Although the forms may look the same, a single question may make a critical difference to your organization and your employees. ▲

- **Annual non-contributing list:** On or before Jan. 31, 2014, data for calendar year 2013 will be due. Refer to *Employer Notice* released in Dec. 2013 for more information.
- **Deadline for voluntary deposits:** Voluntary deposits must be received by Dec. 31 to count for 2013. Remember, voluntary contributions can add significantly to an employee's income at retirement.
- **Destroy stockpiled forms:** Throughout 2013, many forms were updated and revised—many at the request of employers. If your organization chooses to stockpile forms (electronic or hardcopy), make the commitment to yourself to review and destroy or update old forms.

Health Care update

Employers take note: Public employees considering retirement could be affected by health care eligibility rule changes effective Jan. 1, 2014.

Qualifying service credit: For members retiring on or after Jan. 1, 2014, only the following types of service credit will apply toward health care eligibility and allowance:

- Contributing service,
- Ohio Retirement System transfers,
- Interrupted military service (USERRA),
- Unreported time and
- Restored (refunded) service.

The OPERS website, www.opers.org, features a Service Credit and Health Care Coverage chart. This chart provides a complete list of the types of service credit which will and will not apply to health care eligibility beginning in 2014.

Minimum earnings: After Jan. 1, 2014, health care credit will be granted for months in which at least \$1,000 is earned. Partial health care credit will not be granted for months in which less than \$1,000 is earned.

Disability recipients: Members first receiving a disability benefit on or after Jan. 1, 2014, will have coverage during the first five years of receiving disability benefits. To continue with OPERS health care coverage after the five-year period, a recipient must meet minimum age-and-service health care requirements or be enrolled in Medicare due to a disability.

Voluntary withdrawal from health care: As of Jan. 1, 2014, OPERS health care plan participants who voluntarily withdraw from the plan cannot re-enroll unless certain circumstances are met. This rule does not apply to dependents or retirees who return to public employment and are required to enroll in the employer's health care plan.

More changes are slated to be implemented Jan. 1, 2015; more information will be available throughout 2014 to help prepare your employees considering retirement. We ask you encourage your employees considering retirement to go online to www.opers.org to access the Health Care Planning Tool or call 1-800-222-7377 to schedule an appointment with an OPERS member counselor either in-person in Columbus or over the phone. You can also encourage your employees contemplating retirement to schedule an in-person appointment through their online account. ▲

For a current listing of OPERS Board members, please visit www.opers.org

It is your responsibility to be certain that OPERS has your current physical and email 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 publication is written in plain language for use by public employers 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.