

EMPLOYER Notice

Ohio Public Employees Retirement System • 277 East Town Street • Columbus, Ohio 43215

ARP mitigating contribution rate unchanged for 2012

Who should read this notice

University and college finance directors and payroll professionals

Situation overview

Effective August 2007, a mitigating contribution was required for college and university employees participating in an Alternative Retirement Plan (ARP).

- This mitigating contribution rate will remain at the current level of 0.77% for 2012

As a reminder, the mitigating contribution is assessed to offset the negative financial impact realized by OPERS due to the option of alternative retirement plans for eligible college and university employees. Although the mitigating contribution is provided for by law [ORC 3305.06(D)], the actual amount is determined by the OPERS Board of Trustees, upon the advice and counsel of the OPERS' actuary, in conjunction with the Director of Finance. The mitigating contribution must be applied to all ARP participants, not just new elections.

For 2012, the employer contribution rate for non-law enforcement employees will remain at 14.00%. The employer contribution rate for law enforcement and public safety employees will remain at 18.10%. Remember that the mitigating contribution rate is a portion of the total employer contribution rate.

For example, for non-law enforcement employees, the employer portion of the retirement contribution will be processed as follows:

Employer contribution to ARP:	13.23%
Employer mitigating contribution to OPERS:	0.77%
Total Employer Contribution	14.00%

What you need to do

Employers are asked to:

- Inform employees participating in an ARP that there will be no change in the mitigating contribution rate for 2012.
- Review ARP processes and procedures to ensure the mitigating contribution rate of 0.77% is being deducted from the employer contributions for ARP employees.
- Be knowledgeable about the mitigating contribution. Further information about it can be found on previous *Employer Notices* and at www.opers.org.

A few reminders about mitigating contributions:

- The mitigating contribution rate applies only to contributions effective with the ARP election, not to any OPERS balances transferred to an ARP vendor.

(More information on back)

Note:

The ARP mitigating contribution rate will remain at the current level of 0.77% for 2012.



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- The mitigating contribution is based on employee compensation; therefore, employer payments for service purchase will not have a mitigating contribution deducted
- Service purchase by payroll deduction agreements must terminate when an employee becomes an ARP participant.
- Refunds of mitigating contributions submitted in error will appear as a credit on your ARP *Employer Account Summary*; they will not be refunded in the form of a check.

Why this is important

OPERS recognizes and supports the retirement options made available to public employees. However, the providing of options must not be allowed to have a negative impact on the financial status of the pension system. The mitigating contribution helps to offset the negative financial impact, without increasing the total retirement contribution liability.

Whom to contact for more information

After you review this *Employer Notice*, contact Employer Outreach with questions at 888-400-0965 or by email at employeroutreach@opers.org

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

This Employer Notice 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.

