

Employer *Notice*

ARP mitigating contribution rate

Who should read this notice

University and college finance directors and payroll professionals

Situation overview

The mitigating rate was created in statute at the time select members were permitted to opt out of participation in the Ohio statewide public pension plans. The mitigating rate was established in recognition of the impact of allowing a portion of the eligible population to elect other alternatives. The mitigating rate is designed to offset the negative financial impact resulting from the exclusion of this population and was a tradeoff for the ability to opt out.

The mitigating rate for alternative retirement plan (ARP) participants is established within the parameters set by the Ohio Retirement Study Council in consideration of the mitigating rate established by the Ohio Public Employees Retirement System (OPERS) for members participating in OPERS Member Directed and Combined Plans. This rate is assessed from the employer contribution for each employee participating in an alternative retirement plan.

OPERS current rate of 0.77 percent has remained unchanged since 2008. OPERS periodically reviews the rate and projects the rate needed. The most current review indicated the need for an increase from the current 0.77 percent to 2 percent. This increase has been approved and will be phased-in over a 3-year period beginning January 2016. The phase-in will be as follows:

January 2016	1.00%
January 2017	1.50%
January 2018	2.00%

Remember, the mitigating contribution rate is a portion of the total employer contribution rate and it applies to all ARP participants, not just those newly enrolled.

(continued on back)



What employers need to do

Employers are asked to:

- Inform employees of the upcoming changes to the rate beginning in 2016.
- Review ARP processes and procedures to ensure the appropriate mitigating contribution rate is being deducted from the employer contributions for ARP employees according to the schedule above. Review onboarding materials to ensure they reflect accurate information.

A few reminders about mitigating contributions:

- The ARP mitigating contribution rate applies only to contributions effective with the ARP election, not to any OPERS balances transferred to an ARP vendor.
- Service purchase by payroll deduction agreements to purchase OPERS service credit must terminate when an employee becomes an ARP participant.
- Refunds of ARP 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 the best choice of a retirement plan varies by individual and as such, there are important factors to consider when making a plan selection. Employees should consider the most current information available to make the best choice for their individual situation.

Changes to the *Employer Manual*

No revisions to the *Employer Manual* have been made as a result of this *Employer Notice*.

Whom to contact for more information

After reviewing this *Employer Notice*, contact Employer Outreach with questions at 888-400-0965, or by e-mail at employeroutreach@opers.org. 

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 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 OPERS public employers. 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.

