



EMPLOYER NOTICE

ARP mitigating rate change takes effect July 1, 2022

WHO SHOULD READ THIS NOTICE

University and college finance directors, payroll and HR professionals

SITUATION OVERVIEW

The mitigating rate is a portion of the employer contributions paid by university employers on behalf of their employees who choose not to join the Ohio Public Employees Retirement System and is intended to offset the financial impact of the loss of their contributions.

The current mitigating rate is 2.44 percent. This rate will change to 2.24 percent effective July 1, 2022. The change will apply to all Alternative Retirement Plan (ARP) participants.

Ohio law establishes a formula for calculating the percentage of an ARP participant's compensation, funded by the employer contributions, which must be paid to OPERS by a college or university. It requires OPERS' independent actuary to perform the calculation every five years after an experience study. Ohio law caps the ARP mitigating rate at 4.5 percent for all Ohio retirement systems.

The Ohio General Assembly established a mitigating rate in 1998 to recognize the impact of allowing a portion of eligible university employees required to participate in OPERS to voluntarily select an ARP. It is designed to offset the negative impact resulting from the exclusion of this population from OPERS membership.

The mitigating rate is assessed from the employer contribution for each employee participating in an alternative retirement plan.

WHAT YOU NEED TO DO

Employers should inform employees of the upcoming change to the rate.

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

Once an ARP is selected, it is irrevocable while an employee remains employed with the same college or university. If they change employers or there is a one-year break in service and they return to the same college or university, they have an opportunity to select OPERS membership.

CHANGES TO THE *EMPLOYER MANUAL*

There are no *Employer Manual* changes resulting from the information contained in this *Employer Notice*.

WHOM TO CONTACT FOR MORE INFORMATION

After you review this *Employer Notice*, contact your Employer Outreach representative with questions or comments at (888) 400-0965, or by email 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.