

EMPLOYER Outreach

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM



OPERS committed to assisting employers with GASB transition

In the coming months, employers will need to continue planning for the implementation of required standards from the Governmental Accounting Standards Board (GASB). As always, OPERS is your partner as, together, we work to implement these standards by the established implementation dates.

standards for reporting purposes, and will not impact your funding requirements. GASB views pension benefits as a component of the compensation package. So, to the extent the pension system is not 100% funded, employers must report a liability for the unfunded portion of the pension benefits earned by employees.

GASB facts at a glance

- **Who owns these standards?**

The new standards are required by GASB. Although these are not OPERS' standards, we recognize the impact on your finance staff, and we are working to help make this implementation as smooth as possible.

- **When is the implementation?**

The fiscal year beginning after June 15, 2014.

- **What are the standards?** Two new standards will change the accounting and financial reporting requirements for defined benefit pensions. The standards require separate public pension accounting for financial reporting and require employers to recognize a net pension liability on their financial statements.

- **Why the change?** The intent of the standards is to enhance the pension-related information in financial reports by providing greater transparency and to standardize the valuation practices from entity to entity. These are new accounting and financial

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- **What can we do to help?** Let us know of issues you are having with stakeholder groups (i.e. bond rating agencies, etc.). Pensions are our everyday business and we may be able to assist.

Resource round up: What we have; what's coming up

Here's a quick-hit list of what's currently available for you and what will be available in the coming months. All information is available online via www.opers.org. Recognizing the amount of work that must be done, OPERS has created a new Finance Tab on the website where employers will find:

- **Webinars:** Earlier in March, employers received an *Employers First* detailing the 2014 editions of webinars prepared on the GASB implementation. Webinars will be stored online on the OPERS website for replay by anyone in your organization who might need implementation information.
- **Updates:** As information becomes available, updates will be made available.

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- **Online forum:** Via the OPERS website, employers can interact with other employers on the GASB Forum. This online space allows employers to learn about best practices and innovations or just ask a question for other employers to review and/or answer.
- **GASB Toolkit:** Recognizing the complexity of its new standards and the aggressive timeframe, GASB has developed a toolkit for all new standards. Employers can access the GASB toolkit in its entirety via the OPERS website (or via the GASB website).
- **Legislative guides:** OPERS is working closely with all stakeholders, including legislators and union leadership to ensure GASB’s standards, the potential impact of the standards, and the effort to implement the standards are completely understood.

- **Operations Track:** Information presented in a detailed format so that those responsible for actual processing and delivery of information will learn exactly what will be given to them, when and provide explanations of know how to handle the data for their organization.

Enclosed in this newsletter is a bounce back card asking you what you need to help you smoothly and accurately implement the GASB standards. We need to hear from you as soon as possible so that we can prepare the educational information you need most.

Action requested: We need to hear from you

We know from surveys and webinars that the process is working. However, many, many employers are seeking information. Enclosed in this newsletter is a Bounce Back card asking you what you need to help you smoothly and accurately implement the GASB standards. We need to hear from you as soon as possible, so we can prepare the educational information you need most.

Here are a few requests that have already been submitted to Employer Services:

- More practical examples
- Templates for calculations, amortization schedules
- Hands-on job aids
- Examples of footnotes and disclosures
- A layman’s guide—including a glossary

Employer Services is working to ensure all employers will have the information necessary to implement the GASB standards by the implementation deadlines. PLEASE take a moment to fill out the insert—or make sure the right person in your organization gets to fill it out. 

From the beginning, we recognized that the knowledge level for 3,700 employers would vary significantly. To accommodate all levels, all information was and will be split into Executive Track and Operations Track modules as defined here:

- **Executive Track:** Information presented as a high-level overview for those who may have to articulate the standards to governing bodies, but who would not necessarily have to handle the hands-on implementation.

Individual determinations for earnable salary

Creating a one-size-fits all policy rarely works for everyone. That’s the case with the earnable salary provisions within the pension reform legislation. OPERS is working to ensure all members, your employees, receive the exact pension benefit earned—no more and no less. What’s earnable and what is not must be carefully monitored and regulated to be fair to the entire membership—

present and future—and to ensure the strength of the System.

We recognize earnable salary (meaning, of course, earned salary that is pensionable) can almost vary by individual. Therefore, all employers are urged to contact OPERS with questions about individual determinations for earnable salary at the point the salary is earned, when the question

comes up on your contributions report.

Questions go to...

Contact Employer Services via phone (888-400-0965) or via email (employeroutreach@opers.org). We’ll get you an answer as soon as possible to ensure that your reporting is accurate when each employee applies for a well-earned retirement benefit. 

Look to 2014—full of changes

We're just closing out the first quarter of 2014—and the year is already considered to be a memorable one. More than the recent snowstorms and blizzards, the changes slated for 2014 will create a flurry of activity for employers, employees and OPERS.

Take a look:

Changes for employers

- **GASB standards:** Although not OPERS-driven, we recognize that we must partner with all employers to help with the implementation of the GASB standards. To that end, multiple education and outreach initiatives have begun, and will continue well into 2015.
- **Minimum monthly reporting effective Jan. 1, 2014:** The legislated requirements for monthly, or more frequent, reporting and salary minimums to count toward health care credit and pension contributions were implemented as required by pension legislation. OPERS is working with all employers to ensure compliance.

Changes for employees

- **Health care changes:** OPERS is working to provide concentrated outreach to members, your employees, and employers of members who are faced with a choice of retiring in 2014 with the current health care program—before the new health care program requirements become effective Jan. 1, 2015.

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- **New annual statements:** The OPERS statements remain individualized, but will include important refinements, such as more information about service time purchased within the calendar year, and service time reported separately by eligibility for health care and pension.
- **Membership determinations:** Individuals who provided services to public employers prior to Jan. 7, 2013, must request a membership determination for that service by August, 2014.

Changes for OPERS

- **Implementing legislation:** OPERS continues to work with stakeholders, members and employers to ensure compliance with pension legislation passed in 2012—many provisions of the legislation were staggered, and we're working to educate, inform, and comply with all deadlines.
- **GASB Standards:** Just like employers, OPERS has new GASB standards that affect how we handle financial reporting. (This is in addition to providing specific information to all 3,700 employers for each to implement GASB requirements.)

At OPERS, we know each of these changes will help strengthen the pension system and help ensure all members—your employees—receive the benefits for which they've worked. Together, we will work to comply with or implement each change. ▲

Info to Go

Annual statement schedule

We recognize the importance of accurate, timely annual statements for our members—your employees—so that important retirement decisions can be made. Changes to the health care program that will become effective Jan. 1, 2015, have made the information on the 2014 annual statement more important than ever.

We know concerned employees frequently ask employers about the timing of the annual statement; here's what you need to know about the schedule so that you can answer questions:

- *The OPERS Annual Statements* will be sent to your employees on a staggered basis.
- Statements began mailing in mid-March and finish at the end of April.
- Statements are sorted by *home ZIP code*—important to remember because employees who work side-by-side may receive statements weeks apart.

Special note for those who want online access for statements:

Those who are signed up for online accounts will have early access to their OPERS personalized account information.

We are a nation of scanners: poster designed to trigger employee action

We're working to make sure all OPERS members, your employees, have all the necessary information to make the right retirement decisions. Recognizing that not all public employees have work access to online information, OPERS is again producing its annual retirement reminder poster for 2014.

Map out your retirement pension income and health care

Learn: Health care program changes may impact you. Know what you need to qualify for health care. OPERS provides retirement information online, in seminars and with publications—all available to members.

Plan: Make strategic choices. Use the OPERS-provided retirement planner (online), the health care calculator (online), access counseling and checklists before you make important retirement decisions.

Act: Decision made? Take action. Remember, some applications for pension benefits take longer than others and you'll need specific documents.

Go online or call OPERS to LEARN what you need, PLAN to find your documents so that you can ACT on retirement when you know it's the right time for you.

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The poster will be sent at the beginning of April. The poster release date is two months earlier this year due to the upcoming changes in the health care program—

meaning some qualified employees may need to determine a retirement date within the next several months if they want to retire with the current health care program (see related article on page 8).

This year, we're again asking employers to place the poster in high-traffic areas, such as break rooms and human resources offices, and in all buildings if you're a multiple-site organization.

The poster is free of charge. If you want additional copies, simply contact Employer Services via email (employeroutreach@opers.org) or phone (888-400-0965) to request.

2014 Employer-specific education options

In addition to the OPERS-sponsored training options on the GASB standards implementation, did you know Employer Services offers multiple training opportunities to help employers fully understand and comply with all pension rules and regulations—AND help business functions run smoothly?

The 2014 Employer Education schedule is online now. Learn more today—simply sign on to www.OPERS.org and click on the Employer Section. By accessing this information each quarter, you'll see what's new, what to sign up for, and who in your organizations should attend.

Remember, all Employer Services employer education offerings are free of charge.

Employee (member) education also available

OPERS' Member Education group has created a Member Education brochure that details the many member education options available. Employers, take action:

- Request this brochure, or access it online

EDUCATIONAL OFFERINGS FOR OPERS MEMBERS

OPERS offers in-person education seminars, webinars and online recorded presentations designed to meet your needs during each stage of your career and tailored to your specific retirement group (A, B, C) or retiree. If you are unsure of what group you are in, please refer to pages 5 and 6 of this guide.

Registration
You can register for a seminar or webinar by logging into your online account or by calling 1-800-222-7377. A full schedule of educational offerings can be found at www.opers.org, under Seminar Options.

- S** Seminars (in-person)
- R** Recorded presentations
- W** Webinars (interactive online)

Please note: The above icons are located at the bottom corner of each page describing the education format available for each topic.

- Determine which retirement seminar offerings are best suited for your employee populations, and...
- Contact OPERS' Member Education group to line up the best options for your organization 

What makes a secure retirement?

Employers can help employees by helping to ensure each employee is aware of the many steps needed to create a secure retirement. Many experts cite the figures that 48 percent of all U.S. employees feel unprepared for retirement; another 57 percent of U.S. workers have less than \$25,000 in savings/investments for retirement. Employers can help by reminding employees—all employees—about proactive planning for retirement.

At OPERS, we're working on the themes of Learn, Plan, Act—our way of encouraging all OPERS members, your employees, to think about retirement early and often in their careers. Consider these messages for your employees:

New employees

Starting a career as a public employee? Most experts agree employees who start saving for retirement early will enjoy the benefits of compounding. Clearly good advice, but extra savings can be difficult to achieve when buying homes, paying off college debt, and saving for educating children. Encourage your new employees to remember that even a little bit can compound to significant amounts over the expected span of their career.

Mid-career

A secure retirement is not so far away for mid-career public employees. The OPERS pension benefit is a huge step toward building a secure financial retirement, but most experts agree that employees need to do more to enjoy the retirement of their dreams.

Now is when employees need to increase retirement savings (OPERS offers an Additional Annuity option), and incorporate positive, healthy

lifestyles into everyday life to help ensure health care costs remain low. Employers can help by sponsoring health and education fairs to steer employees on a path of healthy lifestyles and healthy finances.

Nearing retirement

As retirement looks to be more of a reality, encourage your employees to know their numbers. Employees need to anticipate what they will need in terms of retirement income to support the lifestyle they envision. Also, employees need to understand that some expenses will disappear—the cost of commuting for example.

As public employees, OPERS members have a great start in planning their secure retirement. Qualified OPERS retirees not only have pension benefits, they have access to health care—two important elements supporting the retirement platform.

Big takeaways

For a secure retirement, employees are urged to:

- Know their numbers: How much will be coming in, and how much will be needed?
- Learn about health care: Know the difference between the employer health care plan and the retiree plan, and know about the health care changes effective Jan. 1, 2015. Incorporate healthy lifestyles into everyday life.
- Take personal responsibility: Start or contribute to a personal savings/investment plan.

Finally, if employees are within 18 months of retirement, access the retirement planner via the OPERS website or call an OPERS counselor to schedule an appointment. 

Employer Resources

Conversion plans—Approval before payout is an annual event

Employers, please take note: If offering a conversion plan for which pension contributions will be withheld, you must have the conversion plan approved by OPERS each year. Annual approval is necessary prior to payout, even if the plan was approved as recently as last year.

This approval process is designed to help employers by ensuring the conversion plan is compliant with the law.

Additional conversion plan element required by law:

Contract language or negotiated agreements cannot override the need for OPERS' approval each year.

What's needed for a smooth approval process:

- Supporting documentation must be submitted to OPERS.
- Conversion plan approval cannot be granted retroactively. OPERS plan approval must be received prior to making payment of the conversion each year, and within the calendar year the plan is intended to cover.
- If your organization does not have the required approval and pays conversion plan funds, the earnings cannot be reported to OPERS as pensionable earnings. No pension credit will be entered for employees.

Once approved, what do you do?

- Payments from an approved conversion plan must be reported on a *Report of Retirement Contributions—Supplemental*. Using the Supplemental will help ensure the conversion payment is excluded from large-earnings evaluation. Simply put, proper reporting of the conversion payment will reduce the number of large earnings exceptions employers receive.

As always, help is available...

Questions about the conversion plan approval process should be forwarded to Employer Services where you'll find compliance specialists who want to work with you every step of the way. More information and a draft conversion plan can be found in the Employer Section of the OPERS website at www.opers.org.

Spring and summer reminders

Spring training options abound

Each spring, employers welcome new administrators. We encourage you to do your organization—and the new administrators—a favor by making both aware of OPERS-sponsored training opportunities. Some training options are specifically tailored for new administrators. With early training, new administrators will be able to properly, accurately, and quickly process retirement contributions for your employees.

OPERS-specific training information:

Visit the OPERS website at www.opers.org to determine what offerings are available.

- Although seminars are offered online only, one-on-one site visits can be arranged—in person, via phone, or electronically.
- All training offered by OPERS is free of charge.

To get started, simply reach out to your employer representative to schedule new administrator training in the format and time that works best for you.

We encourage you to do your organization—and the new administrators—a favor by making both aware of OPERS-sponsored training opportunities.

Employer Resources

Summer is just around the corner; process seasonal employees correctly

After spring comes summer—the time when many employers will experience peak seasonal employment. As always, accurate reporting is essential—even though seasonal workers are hired for a specific time period.

Employers must ensure withholding and remitting all retirement contributions are processed accurately. Here are important tips for success:

Treat a new seasonal employee just like any new employee:

- Complete (and submit) a *Personal History Record* (PHR, Form A) no later than 30 days from the employee's first day worked for which retirement contributions are withheld.
- Returning seasonal employees do not need a new PHR to be completed if they are returning within a year of employment.
- Report new or returning seasonal employees with a Pay Period Begin (PPB) code of S for seasonal/intermittent for the first pay period report on which they are listed.

When your seasonal employees terminate, you'll need to:

- Report the employee's final contribution with a Pay Period End (PPE) code of Q for quit. (If the employee returns next year, you'll simply report the employee with a PPB code of N.)

- If an employee is terminating for the season, but expects to return next year, or works on an intermittent basis (such as an employee who will be returning over the holidays), you need to report the employee's final contribution code as S (same as the PPB code).

Any season is the season to save time and money—here's how

Approximately 35 percent of all employers have signed up to pay pension contributions online. Why? They know online saves time, helps eliminate late fees, and enhances security. Think about these facts:

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- *Online payments are much more secure:* Funds are transmitted from your account to OPERS' account via a secure file transfer protocol (FTP) encrypted file.
- *Your control over your funds remains:* Online payment means employers retain the ability to determine the exact amount and account from which your funds are made available to OPERS. Administrative control is enhanced because you have the ability to select the exact date your funds are sent to OPERS.

Final fact: If you're on ECS, you already have the online payment capability. Saving time, saving money, enhancing security—what's not to like? Contact Employer Services to flip the switch. 

Health Care Update

Most employers have employees who are considering retirement within the next five years. You can help them make the right retirement decision by knowing about—and making sure they know about—the changes to OPERS' retiree health care plan.

These changes go into effect Jan. 1, 2015:

- **New eligibility rules:** To qualify for health care, employees will need to have:
 - At least 20 years of qualifying service, and be at least 60 years old, or
 - Have 30 years of qualifying service at any age.
- **Allowance reduction:** The allowance for monthly premiums provided for age-and-service retirees will change over a three-year transition period, *beginning* in 2015. All health plan participants will be receiving revised allowances by 2018.
- Employees who intend to retire and become re-employed in OPERS-covered positions need to understand the eligibility rules for re-employed retirees could change in the coming years. Employees contemplating that action should schedule an appointment with an OPERS member counselor prior to retiring.

Many of your employees can get personalized facts via the OPERS online Retirement Planner. The planner allows Traditional Pension Plan, Group A members to estimate pension and health care costs at different retirement dates.

Many of your employees can get personalized facts online by using the OPERS Retirement Planner. The planner allows Traditional Pension Plan, Group A members to estimate pension and health care costs at different retirement dates. Using the planner, these employees can:

- Compare working income with retirement income,
- View differences between employer and retiree health care costs, and
- Learn the impacts of working longer.

This big-picture view of retirement options provides your employees considering retirement with critical, factual information. The Retirement Planner can be accessed by visiting www.opers.org.

Time critical—2015 is just around the corner

The new rules go into effect Jan. 1, 2015. To qualify under the old rules, eligible OPERS members, your employees, have a window of about eight months to decide whether or not

to retire under the current eligibility requirement of 10 years of qualifying service. This means employees *must terminate their public employment no later than Nov. 30, 2014 and have a benefit effective date on or before Dec. 1, 2014*, in order to qualify for OPERS retiree health care with 10 years of service.

More information available

We recognize the decision to retire is both important and personal. Employees contemplating retirement are urged to get all the facts about the health care program and pension benefits (see related article on what makes a secure retirement, page 5).

What can employers do?

Employers can best help employees thinking about retirement by encouraging them to get the facts and explore all their options before deciding to retire. OPERS offers multiple resources to help your employees—encourage them to access all.

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

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