

# Employer *Outreach*

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## Retiree Connector begins—January 2016


The transition to the OPERS Medicare Connector administered by OneExchange is a valuable step for OPERS' Medicare-eligible retirees. Why? Simply put, the Connector:

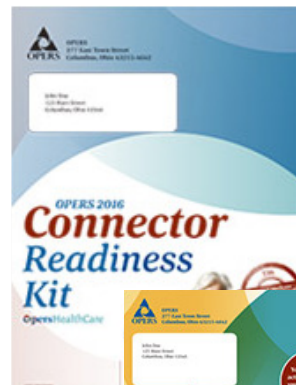
- Provides affordable choices for OPERS retirees,
- Provides more comprehensive medical coverage options than the group plan OPERS formerly offered, and
- Offers ongoing advocacy after enrollment.

### What employers should know

Many employers continue to serve as valuable resources for their retired employees. Please understand, OPERS does not expect any employer organization to know all the details about retiree health care options.

We ask employers to take these actions when asked about retirement health care options:

- Significant information is available via the OPERS website, [www.opers.org](http://www.opers.org); encourage retirees or those contemplating retirement to visit the site to review information.
- Encourage retirees to read the materials sent from OPERS regarding health care. Mailings are targeted to populations to ensure the right materials get in the right hands at the right time. 



# Employer responsibilities

## when hiring OPERS retirees

*If your organization hires or contracts for services from an individual who is receiving OPERS benefits (including pension or disability), you'll want to review this information.*

### Current guidelines

As of June 2015, very specific guidelines were implemented requiring employers to notify OPERS of all re-employed retirees working or providing services. As an overview, this notification is required:

- When the OPERS benefit recipient is returning to an OPERS-covered position,
  - Regardless of how briefly the individual will be working or providing services, or
  - Whether or not retirement contributions are withheld and remitted.

There has been some confusion regarding use of the terms "unpaid position" and "volunteer position." It is important to note, an individual who waives or declines compensation is not a volunteer. Further, if a benefit recipient is filling a position normally identified as a public position with membership in OPERS, they are considered a re-employed retiree, regardless of whether they are compensated. Employers who are not certain whether a position is included in OPERS membership should contact employer services for a formal determination. This

is important because re-employed retirees enrolled in Medicare are not eligible for a Health Reimbursement Arrangement allowance while re-employed in a public position.

### Partnering with employers

To assist employers in remaining compliant with the notification requirement, OPERS has changed some forms and added new forms for employers' use to make the reporting more intuitive within the current reporting structure.

- *The Personal History Record (PHR) has been revised:*
  - Online PHRs will streamline reporting of re-employed retirees as they will be enhanced to request the additional information contained on the *Re-employment of an OPERS Benefit Recipient* (form SR-6).
  - For paper-based employers, both the PHR and the *Notice of Re-employment of an OPERS Benefit Recipient* (form SR-6) must be sent within the first month of starting services with the employer organization.
- *The Employer Certification of Termination of Employment of an OPERS Benefit Recipient form (TERM-MP) is new:*

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- This form will be used by employers to provide a termination date of a non-contributing employee or to certify a termination date of a contributing employee prior to the final contribution report being filed.
- This form streamlines activities because it provides for employers to certify a future termination date.

As always, employers must use the accurate pay period begin codes and pay period end codes to ensure prompt reporting. The *Employer Notice* provided in May 2015 details what operations-oriented actions are required by employer organizations.

### **Important to employers and employees**

The accurate reporting for re-employed retirees is critical to ensure the health care coverage of the re-employed retiree is not jeopardized in any way. Additionally, identifying all re-employed retirees involved with your organization will protect both the individual and your organization from unnecessary benefit suspension as well as any potential overpayment of pension contributions.

### **Actions to take**

Compliance with the guidelines for hiring an OPERS retiree can make a real difference for all concerned. Please review your business processes and ensure the most updated version of all forms—enhanced or new—is being used. 


# Preparing for Retirement

## – A Continued Partnership

Generational preferences differ in terms of the wants and needs of individuals working in public service and how and when they begin thinking of retirement. OPERS is interested in creating educational opportunities and tools tailored to each of our contributing generational populations.

Over the next year, OPERS will be working in partnership with our public employers to identify opportunities to engage our members, your employees, at every point along their career paths – not just when the finish line may be in view. In order to do this, as an employer, you will see the following:

- In-person employer events (mid to late first quarter, 2016) designed to hear your thoughts on the tools that would work best for your employees
- Electronic surveys to obtain retirement engagement data specific to your employee population
- Evolving tools and materials available for you to link to through your own intranet sites
- Employer Advisory Council focus group opportunity

Please consider taking advantage of these partnership opportunities upon notification. Your input and insight into what works best for your employee population is invaluable. Watch for more detailed information throughout 2016. 

# By the Numbers

## The Business of Pensions\*

### Our Members

As of year-end 2014, OPERS had more than

**one million**  
members

Wow!

This figure includes

**203,112**

retirees and beneficiaries



**500,000**



Members called the  
Member Services Center

\*OPERS 2014 Comprehensive Annual Financial Report



# Targeting 2016 as...

## ...The year all OPERS-reporting employers use ECS.

Consider this:

- Reporting via ECS provides accuracy for your employee's reports
- ECS provides significant security standards
- ECS provides automatic triggers to help employers stay compliant with guidelines (see related article on re-employed retirees).

### So near and yet so far

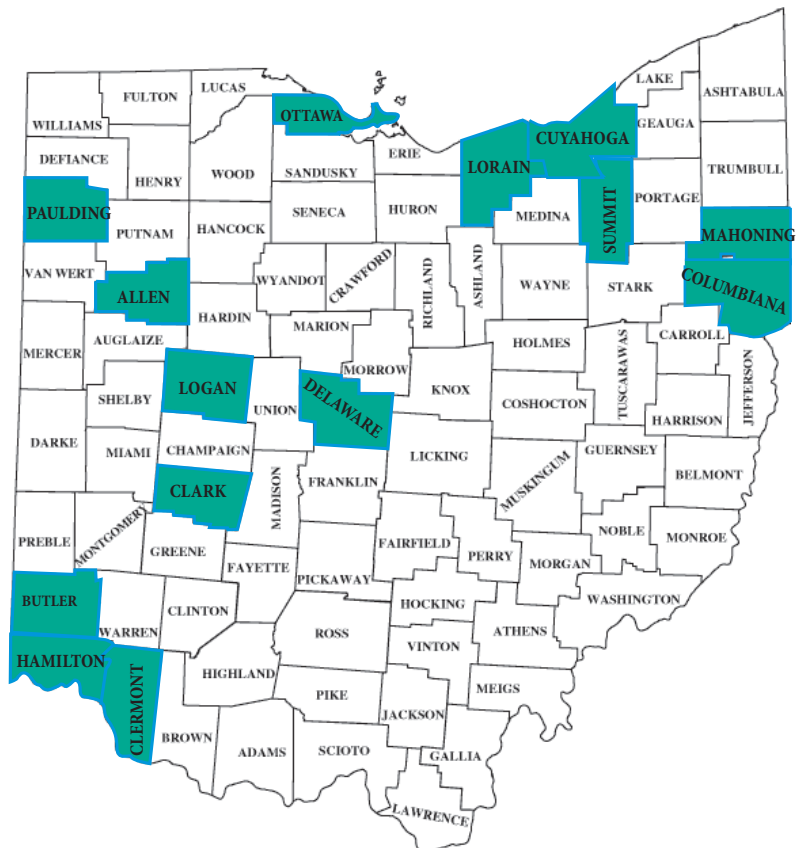
The advantages of electronic reporting (and remitting) are clear. And yet, some remain outliers to this method.

Employer Services has and will continue to work with employers, one-on-one, to make sure the full use of ECS is realized. We've had good cooperation so far:

- Since August, more than 80 employers have registered for ECS—in response to a personalized letter sent from Employer Services.
- As of November 2015, approximately 240 employers (reporting for 1,350 members) continue to use paper-based reporting—that's less than seven percent of the total employer population.

### Who's next?

Watch this map through 2016 as we fill in the counties as each receives the all-ECS designation. As of the end of November, 14 of 88 Ohio counties have the all-ECS designation. You'll see Delaware, Lorain, Columbiana, Cuyahoga, Mahoning and Paulding counties have been added to the map:



# Resources for Employers

## **Member-Directed and Combined plan changes effective Jan. 1, 2016**

The modifications to the OPERS Member-Directed and Combined plans becoming effective Jan. 1, 2016 have been approved to strengthen the System and to eliminate subsidies created at plan inception to help ensure plan viability. Changes impacting members have been and will continue to be communicated directly to members. The modifications provide for:

- Contribution allocations to be realigned (but does not impact total contribution amount),
- Member-Directed RMA interest rates to be tied to the annual return of OPERS' assets,
- Assessment of specific administrative fees, and
- An incremental increase to the mitigating rate.

What employers need to do: If your organization creates any pension materials internally (for onboarding new employees or updating current employees), please make sure the materials are up-to-date. If you're uncertain, refer to the most up-to-date information available at [www.opers.org](http://www.opers.org). If your organization does not create organizational-specific pension information, no action is necessary.

## **Employer-specific training—improved and updated to include recently revised forms and processing of denied in-term salary increases for elected officials**

Keeping employees trained on pension requirements will help ensure fast and

accurate pension processing. Everyone wins: Less time will be spent processing reports, saving you time and money. Employees who are contemplating retirement will have accurate personal account information to help make important decisions.

What employers need to do: Check out the employer-specific training offerings available at [www.opers.org](http://www.opers.org) (Employer Section). Remember, although some classes appear to be the same, many have been updated to accommodate new forms and new guidelines—meaning employer-specific training is a good idea for new AND seasoned employees who are responsible for retirement processes (see related article on re-employed retirees). Sign up today... classes are Internet-based (both real-time webinars that offer the ability to submit questions in real-time, as well as recorded presentations that can be viewed according to personal schedules) and can be accessed right at their desk and with no travel downtime.

## **Employer Advisory Council—who's new and who continues**

Employer Services is filling out the Employer Advisory Committee roster for 2016-2018. Our thanks to current member organizations who agreed to extend their commitment to the group including the City of Columbus, City of Lima, Cuyahoga County Public Library, Franklin County, Kent State University, The Ohio State University, and Union County Memorial Hospital, and the state of Ohio.

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Openings still exist. As a result, we are encouraging employer organizations to join by contacting the Employer Services department 888-400-0965.

The time commitment is light, but the impact is significant—the organizations will represent the 3,700 OPERS-reporting public employers regarding operations-oriented rollouts (new initiatives) and mandated changes. Council meetings are called approximately two-four times each year and occasionally, council members are asked to participate in ad hoc projects onsite. As before, the number of meetings will depend on the number of projects that are deployed in any given year.

Is serving on the EAC a worthy investment of time? Here's a quote from

Mary Ellis, representing OSU:  
*"We are grateful to OPERS for establishing the Employer Advisory Council and very much appreciate the opportunity to collaborate with OPERS and other employers on issues that impact all of us. This partnership has given us a broader perspective on big-picture retirement matters and provided a forum for us to bring forward our ideas."*

Employers are encouraged to invite subject matter experts (topic specific) from their organization to attend with the main representative.

The entire roster of EAC representatives will be published in 2016. ©

## Our Retirees\*



\*Traditional Pension retirees

# Partnering with employers: A message from OPERS Chief Financial Officer Jenny Starr



The year 2015 was a threshold year for public employers and OPERS finance staff as we worked in partnership to successfully launch several important initiatives. Let me be

clear—the partnership between OPERS and public employers was successful and will, I sincerely hope, continue into 2016—and beyond.

## A look back—the partnership solidified in 2015

Although the working partnership between OPERS and Ohio’s public employers was not started in 2015, it’s clear the partnership became more intense as, together, we worked to implement the GASB 68 requirements for pension reporting.

As you know, the timeline was aggressive. OPERS began implementation work immediately after the standard was issued in 2012—and we needed every hour of that time to deliver to employers the organization-specific information and the audited supporting schedules required so employers could prepare their financial documents as required by GASB.

I’m very proud that the OPERS finance staff, working with employer organizations, was able to make available all necessary information for employers by the June 30, 2015 target date.

## Success

Reporting on a successful project is extremely gratifying. We’re especially pleased to report less than 2 percent of OPERS-reporting employers had questions regarding the information posted. In real numbers, that means the OPERS Finance division received fewer than 100 requests for assistance and/or clarification from employer organizations. That staggeringly low number for this reporting change could only have been made possible with the assistance of the many employer organizations that partnered with us to perform testing and provide feedback.

## One more change

Additionally, OPERS provided the pension actuarial information for the current fiscal year-end in our 2014 *Comprehensive Financial Annual Report*. Traditionally, that information has been a year in arrears, an acceptable practice for financial reporting. However, we determined that providing current actuarial information made significantly more sense in the ongoing quest for transparency in financial reporting—and provided an added benefit for employers as the GASB 68 information was more current.



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### **Continuing the partnership**

Each year brings challenges and 2016 will be no exception. As we look toward 2016, we're hoping to continue the OPERS-and-employer partnership to implement additional, important, employer-specific initiatives:

GASB has issued Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (OPEB). Similar to the pension reporting changes, GASB 75 changes reporting requirements—not the funding requirement.

Simply put, GASB 75 requires OPERS to allocate the net OPEB liability to employers, and for employers to include their share of the net OPEB liability on employer financial statements. GASB 75 is effective for fiscal years beginning after June 15, 2017—meaning, generally, 2018 for most OPERS-covered employers.

What are we planning to help employers? To start, we've already starting assessing the impact of OPEB financial reporting standards and we continue to work to mitigate the impact. We anticipate this shifted liability may be significant and potentially volatile. Rest assured, OPERS will continue to work with employer organizations and bond rating agencies to minimize any negative impact.

Further, as we have in the past, we anticipate working closely with employer organizations to provide testing opportunities as well as outreach and

education for employers. In so doing, we can ensure the data has been fully vetted and that employers will know how to use it and have complete confidence in the data provided. At a minimum, we expect to have the necessary information ready by the deadline so that employers will be in the position to effectively implement the requirement.

### **Also in 2016...**

OPERS finance staff is also working extensively with the Ohio Auditor of State's office to implement year two of the required census data testing at employers. As with other required implementations, OPERS and the Ohio Auditor of State's office will work directly with employers and affected entities (such as other retirement systems and employer auditors) to ensure the process is streamlined and accurate—and as turnkey as possible.

### **Our commitment**

Our goal is simple—we will continue working with employers so that each is successfully positioned to accomplish these initiatives. For the OPERS Finance division that means to continue to provide accurate information, educational opportunities, online tools and professional guidance where requested. Our request of you? Please remain resilient and view us as your partner. We will work through these initiatives—step-by-step, together. And, before you know it...we'll have accomplished all the initiatives of 2016. 🌀

# Info to go

Once-a-year actions can be overlooked—especially if the required action must take place during the often-busy, year-end time frame. We want to help. This operations-oriented timeline can be shared with your staff (or used yourself) as a reminder of important year-end and first quarter activities.



## DECEMBER

**Dec. 31** is the traditional deadline for multiple important pension activities...make sure your organization's pension professionals know:

### Transitioning employees—how to process for season end

- Keeping a seasonal employee? *No action is necessary*—unless the employee is changing to a different employer code within your employer family, or to a different pay schedule.
- Re-employed retiree? *Specific requirements* must be followed—if these individuals are terminating employment, a PPE code of "Q" for quit must be submitted. Employers can advise OPERS in advance by completing a TERM MP form within ECS or via paper.
- Seasonal employee leaving? *Not expected to return*—report final contributions with a pay period end (PPE) code of Q (for quit). *Expected to return or works intermittently*--report those employees with a PPE code of S for seasonal (same as the pay period begin code when they return).

### Important details for Dec. 31 payroll

Does your organization require the year-end payroll to be finalized by **Dec. 31**? If **Dec. 31** is not the actual pay period end date, employers need to ensure retirement contribution reporting is accurate and not rejected due to a pay frequency code/date mismatch. Follow these steps:

- On the last report of December, code each employee with a pay period begin code (PPB) of H—notifying OPERS of the frequency change.
- For the first report of 2016, again code each employee with a PPB code of H.

### Elected officials on payroll? Pay attention to Dec. 31

If your organization pays elected officials *on each pay date* throughout the calendar year, remember to ensure their retirement reports reflect when the money is actually *earned*. Here's why: Contribution reports must show when employees *earn* salary, regardless of when an employee is actually paid. Employers are responsible for reporting earnings on the appropriate month's report, *even if an employee is paid early*.

This is sometimes reported in error, especially with elected officials who have a specific term of office. For some elected officials, this means you may have to report their earnings on an additional *Regular Report of Retirement Contributions*.

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### Voluntary savings deadline

OPERS provides a secure financial retirement for your employees. However, most experts agree that personal savings toward retirement is an important element for retirement. Your employees who are in the Traditional Pension, Combined, or Member-Directed plan have the opportunity to add a voluntary deposit to their OPERS accounts. The voluntary deposit will be invested using the same investment election percentages on file for mandatory contributions.

#### *How to make a voluntary deposit?*

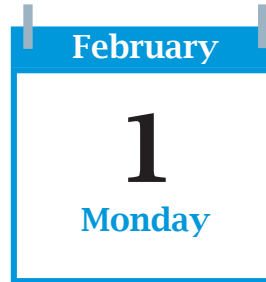
Employees must fill out the correct forms (see the OPERS website for exact form), and be postmarked by **Dec. 31, 2015** to be counted for the year.



### JANUARY

Personalized annual account statement data is verified prior to production for distribution to members. To ensure accurate annual

account statements for your employees, all outstanding accounts AND errors must be resolved by **Jan. 31**. This includes error codes for Social Security numbers as well as resolution of large earnings or inaccurate reporting.



### FEBRUARY


OPERS member annual statements are processed beginning early February. If error codes are unresolved, those

specific employees will NOT receive an accurate account statement.

The Non-contributing list is required no later than **Jan. 31**. All ECS-reporting employers must submit the non-reporting list electronically. Social Security numbers are required on the non-contributing list for accurate reporting.



### MARCH

Conversion plans must be submitted for annual review. Approval is an annual event—and **MUST BE** done prior to any payouts occurring. 

## OPERS selects Shafer as CIO




In October 2014, Richard Shafer, deputy director of investments for external management at OPERS, agreed to take the position of interim chief investment officer. After a national search, as of September

2015, he accepted the position on a permanent basis.

Under Shafer's interim tenure, OPERS' total assets reached an all-time high in 2014. Shafer cites strategic planning, diligent asset allocation and rebalancing efforts, and ongoing funding as reasons the all-time high was made possible.

Shafer has deep experience. Prior to joining OPERS in 2009, he was CIO for the New Hampshire Retirement System and the Alaska Permanent Fund. In addition, Shafer worked for 25 years at insurance companies including the Hartford Financial Services Group, Aetna Life & Casualty, and Lincoln National Corporation.

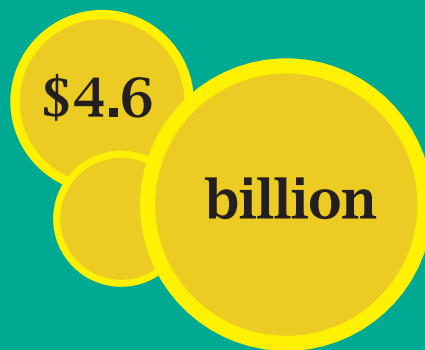
Shafer earned his degree from Dartmouth College and holds the Chartered Financial Analyst designation. 

## Our economic impact

Percentage of retirees living in Ohio



The combined spending power of OPERS retirees



For every dollar paid by employers, the economy realized a direct return

