Changing Your Retirement Plan

For Members in the Member-Directed Plan
The 11-member OPERS Board of Trustees is responsible for the administration and management of OPERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retirees); the Director of the Department of Administrative Services for the State of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate.

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 address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account.

This booklet is written in plain language for use by members of 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. OPERS is not required to provide health care coverage to retirees or their dependents and will only do so at the discretion of the Board of Trustees.
OPERS offers eligible members three unique retirement plans from which to choose: the Traditional Pension Plan, the Member-Directed Plan or the Combined Plan. Members who are eligible to select one of the OPERS retirement plans are also eligible to change their plan once during their public employment.

Members who are not eligible to change their retirement plan selection include those who had accrued five or more years of total service credit as of Dec. 31, 2002, OPERS law enforcement and public safety officers (regardless of the amount of accrued service credit) and OPERS retirees and other state retirement system retirees who return to OPERS-covered employment and contribute to a Money Purchase Plan.

It is important to note that changing your retirement plan is not a retroactive change of your initial retirement plan selection; it is a change in the retirement plan you will contribute to going forward. A change in retirement plans will impact OPERS benefits that may be available to you. This leaflet provides only general information about changing from the Member-Directed Plan. Your situation is unique.

**Eligibility to Change Retirement Plans**

If you are actively contributing to the Member-Directed Plan, you have one opportunity to change your retirement plan to the Traditional Pension Plan or the Combined Plan.

Each eligible member actively contributing to OPERS has one plan change opportunity which can be done at any time during their career, regardless of how many times they’ve changed plans prior to July 1, 2015, and regardless of their amount of total service credit.

Keep in mind, once you change your retirement plan, the change is **irrevocable** and you will not be permitted to change your retirement plan again.

Before changing your retirement plan, you should meet with an OPERS counselor, in person or over the phone, to make sure you fully understand how your benefits are affected. Call 1-800-222-7377 to set up an appointment.
Changing Your Retirement Plan - Member-Directed Plan

Should You Change Retirement Plans?

Reviewing your original plan selection process and reassessing your retirement goals may help you make a decision about whether to change your retirement plan. Each of the three OPERS retirement plans offers many features and benefits (refer to the Plan Selection Workbook and Benefits of Membership Handbook available at opers.org).

A number of factors went into your decision to select the Member-Directed Plan and those same factors will also impact your decision to change your retirement plan. For example:

- Do you plan to take a refund or retire from public service in Ohio?
- How long do you plan to be employed in public service in Ohio?
- What benefits are important to you?
- Do you want to continue directing investments in an OPERS individual account?
- Do you have service credit available to purchase?

You should seriously consider the potential consequences involved with a retirement plan change. Before you make a change in your retirement plan, you should consider all of your alternatives. If you are concerned about possible losses in the investment market, a change in asset allocation among the OPERS Investment Options may be an alternative to changing retirement plans. You also may want to consult a financial advisor to review your financial goals before you make a decision about changing retirement plans.
Two Options for Changing Retirement Plans

Changing your retirement plan has important consequences that will impact both the benefits you have accrued under your current retirement plan and the benefits you will accrue under your new retirement plan.

Each of the OPERS retirement plans is a separate, qualified retirement plan. Contributions and service credit under the three OPERS retirement plans are not combined for purposes of determining eligibility for, or calculating, benefits under any of the OPERS retirement plans. Except in certain instances, contributions and service credit accrued under each plan are administered under the terms of that plan.

If you change to the Traditional Pension or Combined plan, your benefits under the Member-Directed Plan will stop accruing. You have two options to consider.

Option 1: You can elect to change plans prospectively and start over in the new plan. Benefits under the Member-Directed Plan will be based on the contributions and contributing months you have accrued as of the date you cease active participation in the Member-Directed Plan. As long as you have contributions on deposit in the Member-Directed Plan you can continue to direct their investment and your benefits under the Member-Directed Plan will continue to be administered under that plan.

A monthly administrative fee of $5 will be charged on all accounts, regardless of the balance. This fee is subject to change. If you are actively contributing to the plan, this fee will be deducted from your member contributions. If you are no longer contributing to the plan, this fee will first be deducted from your member contributions, then your employer contributions, and voluntary contributions and roll over deposits.

Note: Each of the OPERS retirement plans is a separate, qualified retirement plan. Contributions and service credit under the three OPERS retirement plans are not combined for purposes of determining eligibility for, or calculating, benefits under any of the OPERS retirement plans. Except in certain instances, contributions and service credit accrued under each plan are administered under the terms of that plan.
Changing Your Retirement Plan - Member-Directed Plan

Two Options for Changing Retirement Plans Continued

Option 2: You can elect to purchase your Member-Directed Plan service in your new plan.
If you change your retirement plan to either the Traditional Pension Plan or the Combined Plan, you have the option to purchase your Member-Directed Plan service in the Traditional Pension or Combined plan. The purchased service would represent your contributing service from the Member-Directed Plan, referred to as plan change service credit.

If you were eligible to select a retirement plan between Jan. 1, 2003 and June 30, 2003 and you transferred your accumulated contributions and service credit (which included any purchased service credit) in the Traditional Pension Plan to the Member-Directed Plan, this service credit is referred to as “transferred” service credit. If this applies to you, you may purchase this credit in the Traditional Pension Plan or move it to the Combined Plan.

If you decide to purchase plan change service credit and, if applicable, transferred credit in your new plan, the vested portion of your individual account balance in the Member-Directed Plan will be applied toward the cost of the service credit. The vested portion of your individual account will first be applied toward the purchase of transferred service (if applicable). Any remaining amounts will be applied toward the purchase of plan change service credit. Other restrictions also apply to this purchase.

If you change to the Traditional Pension or Combined plan and purchase your Member-Directed Plan service in your new plan, there will be a one-year waiting period from the effective date of the plan change before you can apply for a disability benefit or your survivors can apply for a survivor or death benefit, assuming you meet all other requirements.

How your Retiree Medical Account will be impacted if purchasing plan change service credit in your new retirement plan

If You Purchase Plan Change Service Credit
If you elect to purchase service in your new retirement plan representing your time in the Member-Directed Plan, the purchase is irrevocable and all contributing months in the Member-Directed Plan will be cancelled. In addition, all vested and non-vested amounts in your Retiree Medical Account will be forfeited. The non-vested portion of the employer contributions under the Member-Directed Plan will also be forfeited.

If You Do Not Purchase Plan Change Service Credit
If you elect not to purchase this service credit, only the contributions and service credit you earn or purchase in your new retirement plan after the plan change effective date will be used to determine eligibility for benefits under your new plan. Any benefits you have accrued under the Member-Directed Plan will still be administered by that plan and, similar to the non-vested portion of your individual account, only the non-vested amount in your Retiree Medical Account will be forfeited upon refund or retirement from the Member-Directed Plan.
Consequences of Purchasing Plan Change Service Credit in Your New Retirement Plan

**Transferred Service Credit**

If you have transferred service credit and you elect to purchase it in the Traditional Pension Plan or move it to the Combined Plan, it is important to understand how this service credit will be used to determine your benefits.

If you change your plan to the Traditional Pension Plan and purchase transferred service credit, it is:

- Used to determine eligibility for and the calculation of retirement, disability, and survivor benefits under the Traditional Pension Plan.
- Used to determine eligibility for access to health care coverage.*
- Used to determine eligibility for an additional amount upon a refund from the Traditional Pension Plan.

If you change your retirement plan to the Combined Plan and purchase plan change service credit, all transferred service credit will be moved to the Combined Plan at no cost. In the Combined Plan, transferred service credit is:

- Used to determine eligibility for a retirement benefit; however, the years of service are not used in the calculation of the retirement benefit.
- Used to determine eligibility for and the calculation of disability and survivor benefits.
- Used to determine eligibility for access to health care coverage.*

**Plan Change Service Credit**

Again, plan change service credit represents your contributing service under the Member-Directed Plan. It is important for you to understand how plan change service credit will be used to determine your benefits under your new retirement plan.

- In both the Traditional Pension Plan and the Combined Plan, plan change service credit is:
- Used to determine eligibility for and the calculation of retirement, disability, survivor, and death benefits.
- Used to determine eligibility for access to health care coverage.*

Not used to determine eligibility for an additional amount upon a refund from the Traditional Pension Plan or the Combined Plan. Only contributing service and certain other types of purchased service credit in your new plan may be used to determine eligibility for an additional amount on a refund.

*Although Ohio law does not guarantee health care coverage, OPERS currently offers a health care plan with the goal of preserving it for our retirees in the Traditional Pension and Combined plans. The OPERS Board of Trustees sets eligibility, coverage and rates. Not all types of service credit are used to determine eligibility for access to health care coverage. Refer to the Service Credit and Contributing Months leaflet and Benefits of Membership Handbook, available at opers.org, for details.
Changing Your Retirement Plan - Member-Directed Plan

The Cost to Purchase Service Credit in Your New Plan

The cost of the service credit in your new retirement plan is determined by an actuarial calculation that represents the additional actuarial liability to your new plan and provides for an equivalent amount of service credit to be purchased in your new plan. It also takes into consideration whether the purchase allows an earlier retirement with an unreduced benefit. All cost calculations are subject to change by the OPERS Board of Trustees. Upon request, OPERS will provide you with an estimate of the cost to purchase plan change service credit and, if applicable, the cost to restore any transferred service.

Requirements for Post-Tax Payroll Deductions for Plan Changes

Terms of payments - If you elect to pay for your remaining service credit using post-tax payroll deductions, the minimum monthly payment must be the greater of $100 or the amount necessary to purchase your service credit over a period of 60 months. The duration of your payment is the lesser of 60 months or the time it takes to purchase your service. The 60-month term begins with the transfer of funds from your prior plan. After the 60-month period, any remaining service credit can be purchased by one additional payment that will be based upon a recalculation of cost at the point in time of the request. Any service credit not purchased is forfeited.

Minimum payment amount - Interest begins accruing from the date the transfer of funds is applied. Every monthly payroll deduction must be an amount necessary to pay the monthly interest and purchase a minimal amount of service credit. Any payroll deduction that does not purchase a minimal amount of service credit will result in that deduction being returned.

OPERS can provide you with an estimate of the cost to purchase plan change service credit.
Paying for Service Credit in the Traditional Pension Plan (for plan changes after July 1, 2015)

If you are plan changing to the Traditional Pension or Combined Plan, you will have 60 months to make payments toward the service purchase after OPERS transfers the prior funds to the new plan. After the 60-month period, you will be permitted to make one payment to purchase any remaining service credit. Any service that is not purchased is forfeited.

If the amounts available in the Member-Directed Plan are more than the cost of the service credit in your new plan, **you have two options**:

- First, you may leave the remaining balance in the Member-Directed Plan and continue to direct the investments of those funds within your individual account. The remaining balance in the Member-Directed Plan will be reclassified as a rollover and will have no corresponding service credit. A monthly administrative fee of $5 will be charged on all accounts, regardless of the balance. This fee is subject to change. If you are actively contributing to the plan, this fee will be deducted from your member contributions. If you are no longer contributing to the plan, this fee will first be deducted from your member contributions, then your employer contributions, and voluntary contributions and roll over deposits. Also, your account will continue to be subject to investment gains and losses.

- Or, you may transfer the remaining balance to your new plan. How the balance is invested will depend on the retirement plan you select. If you select the Traditional Pension Plan, the excess money will be deposited into the Additional Annuity Program and managed by OPERS. Please see the Additional Annuity Program leaflet, available at opers.org for details. If you select the Combined Plan, the excess money will remain in your individual account and will continue to be invested at your direction and in the options you select from the OPERS Investment Options. If you had transferred service credit in the Member-Directed Plan, the excess funds will be reclassified as member contributions in the Combined Plan. If you did not have transferred service credit in the Member-Directed Plan, the excess fund will be reclassified as a rollover in the Combined Plan and will have no corresponding service credit.
Changing Your Retirement Plan - Member-Directed Plan

Paying for Service Credit in the Traditional Pension Plan by Post-Tax Payroll Deduction

Requirements for Post-Tax Payroll Deductions for Plan Changes Effective on or Before July 1, 2015

Term of payments - If you elect to pay for your remaining service credit using post-tax payroll deductions, the minimum monthly payment must be the greater of $100 or the amount necessary to purchase your service credit over a period of 60 months. The duration of your payments is the lesser of 60 months or the time it takes to purchase your service. The 60th term starts with the date you make an initial payment. An initial payment is either your first payroll deduction or your first partial lump sum payment, whichever comes first.

Minimum payment amount - Interest begins accruing from the date the initial payment is made. Every monthly payroll deduction must be an amount necessary to pay the monthly interest and purchase a minimal amount of service credit. Any payroll deduction that does not purchase a minimal amount of service credit will result in your payroll deductions ceasing and you will forfeit the remaining amount of service credit and will not be permitted to purchase it at any point in the future.

Consequences of stopping payroll deductions - You must make continuous monthly payroll deductions in order to purchase all the service credit. If you elect to stop your deductions or if the deductions stop for any reason beyond your control, such as termination of your current OPERS-covered position or a decrease in your pay, you will forfeit the remaining amount of service credit and will not be permitted to purchase it at any point in the future.

Requirements for Post-Tax Payroll Deductions for Plan Changes Effective Aug. 1, 2015 and Later

Term of payments - If you elect to pay for your remaining service credit using post-tax payroll deductions, the minimum monthly payment must be the greater of $100 or the amount necessary to purchase your service credit over a period of 60 months. The duration of your payment is the lesser of 60 months or the time it takes to purchase your service. The 60-month term begins with the transfer of funds from your prior plan. After the 60-month period, any remaining service credit can be purchased by one additional payment that will be based upon a recalculation of cost at the point in time of the request. Any service credit not purchased is forfeited.

Minimum payment amount - Interest begins accruing from the date the transfer of funds is applied.

Every monthly payroll deduction must be an amount necessary to pay the monthly interest and purchase a minimal amount of service credit. Any payroll deduction that does not purchase a minimal amount of service credit will result in that deduction being returned.
Making Your Plan Change

To begin the plan change process, you must contact OPERS to request the appropriate form and a cost estimate to purchase service credit in your new plan. You also can request a form during a plan change counseling session with an OPERS representative.

Once OPERS has received the properly completed form, your retirement plan change will be processed and will take effect on the first day of the month following the date it was received. For example, if your plan change form is received on July 15, your plan change will take effect August 1. Employee and employer contributions for payroll period end dates occurring after the effective date of the change will be credited to your new retirement plan.

Once OPERS receives all the contributions for the Member-Directed Plan through the effective date of the plan change, a total statement of cost will be generated so you can decide if you are going to purchase plan change service credit and, if applicable, transferred service credit in your new retirement plan.

If you are plan changing to the Traditional Pension or Combined plan, you will have 60 months to make payments toward the service purchase after OPERS transfers the prior funds to the new plan. After the 60-month period, any remaining service credit can be purchased by one additional payment that will be based upon a recalculation of cost at the point in time of the request. Any service credit not purchased is forfeited.

Notes