

# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

News and information for active members of the Ohio Public Employees Retirement System

## Traditional Pension Plan

### State budget passed without cut to OPERS contribution rate

A message from Chris DeRose, CEO

After an impasse lasting more than two weeks, the Ohio Legislature passed the state budget and it has been signed into law by Governor Strickland. The budget originally contained a proposal to reduce the state contributions to OPERS. We are pleased to announce that this proposal was not a part of the approved budget.

security of our retirees for many years to come.

The Board of Trustees and I vehemently opposed this measure because it would



have had a dramatic impact on members and retirees and had ramifications far beyond the current fiscal emergency -- including increased costs to other public programs. The rest of this column summarizes why we opposed the proposal so strongly.

**Impact on retirees** – These cuts would have reduced the solvency of the fund that pays for all retiree health care. The result would have hurt current retirees and threatened the security of future retirees. The ultimate result would have been reductions in health care in the short run and the possible elimination of health care within 10 years. I believe this was short-sighted because if OPERS could not provide basic health coverage for retirees, the costs to other state and federal programs would have increased. Last year, OPERS covered approximately \$1.3 billion in costs for our retiree population.

With hard work and the support of many individuals and organizations, we successfully defended our members and retirees from one of the most significant threats we have faced as a system. If this proposal had been included, it would have reduced the funding from the state to your retirement system by 43 percent for two years with the

potential of paying back OPERS over a 10-year period. While we sympathized with the severity of the state's budget situation, we worked very hard to convey our position that the proposal would have severely compromised the solvency of the fund and could have threatened the

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# State budget passed without cut to OPERS contribution rate

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**Impact on public employees** – It's important to remember that Ohio is a non-Social Security state, meaning that public employees are not eligible for Social Security and are required to pay 10 percent of their salary toward their OPERS retirement. In 2008, the average OPERS' pension was \$20,522. Without OPERS, many public employees would not have a pension.

**Impact on OPERS** – Reducing contributions would have immediately put OPERS outside the 30-year period required by state law to fund pensions. This is a prudent limit which should not be exceeded. Once exceeded, pension plans need to take action to get within the 30-year period (see related story on pg. 4). Early estimates were that by the end of 2012, our amortization period under this proposal would have increased to 50 years. Further, we do not believe that future Legislatures can be bound by the promise to repay these funds. We therefore would have seen this as a permanent reduction.

Even if the state would have found a way to repay the reduced contributions with interest, we estimated a shortfall of \$183 million after the loan was repaid. The shortfall at the end of the repayment period in 2022 could have been even greater, depending on investment returns.

OPERS has a 74-year history of prudent management to ensure the fund is sustainable for our members and retirees. Our ability to provide these benefits is dependent on employers and employees paying their equitable share of the costs. This proposal would have harmed the system and put it beyond its 30-year funding while reducing our health care solvency and benefits for retirees.

As we shared our opposition to this proposal with the governor and legislature, we received an outpouring of support from members, retirees, stakeholders and other interested parties. Thanks to this support and the hard work of so many, the proposal was dropped from consideration. We want to extend our sincere thanks to all those who became actively involved in this effort. The economic woes of our state and nation are far from over. We will continue to be vigilant in managing your retirement system and safeguarding your benefits.

*Ohio PERS NEWS – Your Benefit Connection* is a quarterly newsletter providing news and information to more than 374,000 active members of the Ohio Public Employees Retirement System. An active member is anyone currently contributing toward an Ohio PERS retirement benefit. This publication allows us to communicate vital information concerning retirement benefits to our active members and also educate them on the services we provide.

### CONTACT INFORMATION:

www.opers.org  
1-800-222-7377  
newsfeedback@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 newsletter 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 introduces new online retirement application process

Preparing to retire is an exciting time! Once you have made the decision to retire, the last thing you want to face is a delay in the process. Luckily, OPERS offers members a new way to avoid delays and receive your first retirement benefit payment right on schedule (approximately one month after your retirement effective date).

As part of our commitment to increase self-service opportunities on our Web site, OPERS now offers an electronic retirement application process through our Member Benefits System (MBS). The new online process features a “wizard” providing step-by-step instructions and detailed retirement information tailored specifically to your situation. Members can use the wizard to complete, submit and make printed copies of both their retirement and health care applications. In addition to applying on line you can quickly get an estimate of your monthly benefit and, if eligible for health care, an estimate of the cost for you and eligible dependents.

Delays in the retirement process are largely due to incomplete or incorrectly completed applications. Application errors require OPERS to correspond with the member and

request a new application. The new online process eliminates this problem by flagging incompletions or errors and alerting the member so the problem can be fixed before the application is submitted.

Using the new wizard, members can complete and submit their application(s) electronically and receive an instant confirmation that the application has been received by OPERS. Members will also be instantly notified if OPERS requires any additional document copies, such as a birth certificate, a marriage certificate, a divorce/dissolution decree or a separation agreement in order to process the application. The wizard will allow members to print bar-coded cover sheets for the required documents. These personalized cover sheets allow for faster identification and handling.

The online retirement application wizard is available to those members who are registered users of MBS and are currently eligible to retire or will become eligible to retire within six months. If you aren't registered for MBS, registration is fast and easy. Visit [www.opers.org](http://www.opers.org) and choose 'Register now' from the pull down menu titled “Need Help with MBS?” on the home page.

## Why wait?

**There's no need to wait until you apply for retirement - send copies of required documents to OPERS now**

OPERS must have copies of a member's birth certificate and marriage certificate, (not marriage license) if applicable, in order to process a retirement application. If a member neglects to send these documents with their application or has difficulty locating the items, the retirement process could be delayed.

These delays can be completely avoided by sending copies of these documents to OPERS well in advance of applying for retirement. We scan required documentation and it becomes a permanent part of a member's electronic case file. Members are free to forward copies of these documents to OPERS at any time during their public employment. Please be sure the document copies contain your social security number (or at least the last four digits) so the correct account can be easily identified.

Changes to marital status will require a member to update his or her case file by sending copies of the applicable documents. If a member is divorced or has had a marriage dissolved, OPERS also requires complete copies of the divorce or dissolution decree and separation agreement.

## Legislative update

### **ORSC requests review of contributions and benefits with the goal of strengthening Ohio's public pension systems**

With the debate over the state budget resolved, OPERS has returned our focus to a recent request made by the Ohio Retirement Study Council (ORSC). The ORSC asked that the Ohio retirement systems consider a number of options to help contain costs and strengthen the systems' funded status because of current overall economic challenges. Any changes to benefits provided in the law must be passed by the Ohio Legislature.

It is important to note that OPERS is within the statutory amortization window of 30 years. However, other Ohio systems are outside the 30-year window. The ORSC is working to bring all systems within the required timeframe.

The ORSC has requested that Ohio's public pension systems review the following list of benefit areas:

- Increase contribution rates/caps;
- Increase normal retirement age and service;
- Change final average salary;
- Eliminate, reduce or delay COLAs;
- Eliminate lump sum death benefit;
- Change purchase of service credit;
- Establish minimum retirement age regardless of service; and
- Change the calculation of part-time/full-time service credit

The OPERS Board of Trustees will evaluate all the options on this list, as requested by the ORSC and consider whether any changes should be made. Each year, the OPERS Board reviews the benefits offered and makes incremental changes, as necessary, to support the system for our members.

That said, as a fiduciary, OPERS is always looking for efficiencies and ways to improve its long-term funding. Proactive, insightful planning and tough decisions by the OPERS Board allow the fund to weather market volatility to ensure long-term solvency.

For example, in the last few years, OPERS has implemented the Health Care Preservation Plan, developed separate investment strategies for the pension and health care funds, approved changes to ensure that OPERS is within the statutorily mandated 30-year funding level, proposed increasing the cost of purchasing service credit to reflect its true cost and proposed statutory changes to increase the minimum earnable salary required to earn full-time service credit.

### **Implementation of Senate Bill 267 Continues**

Amended Sub. SB 267 became effective on March 24, 2009. The bill contained several provisions that impact members of our law enforcement program. One of those provisions authorizes the OPERS Board of Trustees to adopt a rule allowing certain OPERS members to convert their non-law enforcement service credit to law enforcement (or public safety) credit at a cost that is equal to the additional liability for the conversion. The OPERS actuary has developed the cost calculation for the conversions. The actuary is required to develop a cost formula that will ensure that OPERS receives from the member the additional actuarial liability associated with the conversion.

We understand that a significant number of our law enforcement members are anxious to convert their service credit and to know the cost of the conversion. There are many steps and an approval process that the Board and staff must complete before the provision can take effect. OPERS staff will be able to begin implementing this provision of the bill soon. We will continue to communicate our progress to members.

***Please watch future newsletters and our Web site for updates on both of these important legislative issues.***

## Reminder: New eligibility rule for spouses effective Jan. 1, 2011

OPERS has implemented an on-going strategy (the Health Care Preservation Plan) to preserve our ability to subsidize retiree health care premiums amid rising costs and a rapidly growing retiree population. As part of this strategy, the OPERS Board of Trustees adopted a modification to our health care plan eligibility rules affecting covered spouses.

Effective Jan. 1, 2011, OPERS will no longer subsidize the monthly health care premium cost for spouses of retirees who are under the age of 55. This change will affect spouses of retirees who are currently retired and those who will retire in the future. Retirees may continue to cover their spouse under the OPERS health care plan, but they will be responsible for the full health care premium. Once their spouse reaches age 55, OPERS will again subsidize their health care coverage premium. Below is a detailed list of spouses who are and are not affected by the new policy:

### Who is affected:

- Spouses of age and service retirees who are under the age of 55 as of Jan. 1, 2011
- Spouses, under the age of 55 as of Jan. 1, 2011, of retirees who converted from a disability benefit to an age and service benefit and
- Spouses, under the age of 55 as of Jan. 1, 2011, of survivor benefit recipients whose health care coverage subsidy has been grand-fathered

### Who is *NOT* affected:

- Spouses of disability benefit recipients
- Any spouse who is receiving a benefit as the surviving spouse of an age and service retiree (joint and survivor annuity) or as the surviving spouse of a deceased active member (receiving a survivor benefit)
- Spouses with early Medicare
- Dependent children

If you would like more information, please visit the OPERS Web site, [www.opers.org](http://www.opers.org), where you will find answers to the questions we receive most often regarding this new rule. Also, watch your OPERS newsletters for updates and more information.

## Health care seminars for active members

Our member-specific health care seminar is designed to address the needs and concerns of active members within five years of retirement. The seminar will help prepare members for the transition from employer-sponsored health care coverage to the OPERS retiree plan. Members will learn the details of their coverage options and how to navigate the application process.

All active member seminars begin at 1:00 p.m. Registration is required and seminars do fill quickly. Please call 1-800-222-7377 to register via MBS.

### 2009 OPERS Health Care seminars

<b>Athens</b> Nov. 20	<b>Dayton</b> Aug. 28	<b>Newark</b> July 24
<b>Cincinnati Sharonville</b> Nov. 13	<b>Huron</b> Aug. 21	<b>Ravenna</b> Dec. 11
<b>Columbus (OPERS)</b> Sept. 18	<b>Independence</b> Nov. 13	<b>Toledo</b> Sept. 4
	<b>Lima</b> Dec. 4	<b>Youngstown</b> Sept. 11

### 2010 OPERS health care seminars

<b>Akron</b> May 13	<b>Columbus (OPERS)</b> Feb. 26	<b>Steubenville</b> June 18
<b>Athens</b> June 4	<b>Elyria</b> March 26	<b>Strongsville</b> Jan. 29
<b>Cambridge</b> March 19	<b>Findlay</b> April 30	<b>Toledo (Perrysburg)</b> Feb. 18
<b>Canton</b> March 11	<b>Mentor</b> May 6	<b>Youngstown (Boardman)</b> April 9
<b>Cincinnati East</b> April 16	<b>Miamisburg</b> Jan. 15	
<b>Columbus (Dublin)</b> May 24	<b>Portsmouth</b> June 25	



## 2009 – 2010 calendar of educational seminars

**We offer a wide variety of educational seminars.** To register please call 1-800-222-7377 or register online by logging into the Member Benefits System (MBS).

**How to Select your Ohio PERS Retirement Plan** – A seminar for new Ohio PERS members who are eligible to select the Ohio PERS retirement plan that is best for them. The *How To Select Your Ohio PERS Retirement Plan* seminar provides details about the benefits and features of the three plans and a summary of basic investment education. **Online registration is now available at [www.opers.org](http://www.opers.org).**

**Providing Long-term Awareness Now (PLAN)** – A seminar for members who have at least five years of service credit and are generally mid-career public employees. Topics discussed include Ohio PERS benefits, Social Security and others. There is no cost to attend this half-day seminar. You may bring one non-member guest with you. Pre-registration is required.

**Retirement Awareness Program (RAP)** – A seminar for members who are within five years of retirement. Topics include OPERS benefits, deferred compensation and Social Security. There is no cost to attend this full-day seminar, which includes lunch and supplemental reference materials. You are welcome to bring one non-member guest with you. Pre-registration is required.

**Retirement Readiness** – A seminar for members who are within 18 months from retirement. Your Ohio PERS benefits are discussed, along with timeframes and details of paperwork needed for processing your pension benefits. There is no charge for this half-day seminar. Pre-registration is required of members and any accompanying non-member guest.

**Remote counseling sessions** – Personal retirement counseling is available at the OPERS office in Columbus, over the phone or in cities listed here. Call 1-800-222-7377 to make an appointment.

**Our seminars fill up quickly, so please register as early as possible. All dates and locations are subject to change. Seminar registrants will be notified of any changes at the earliest possible time.**

### 2009 HOW TO SELECT YOUR OHIO PERS RETIREMENT PLAN

<b>Canton</b> August 5	<b>Medina</b> August 5	<b>Web Seminars</b> (Register at <a href="http://www.opers.org/seminars/web/m-howto.shtml">www.opers.org/seminars/web/m-howto.shtml</a> ) August 7 August 14 August 19 August 27 September 3 September 10 September 16 September 23 October 1 October 7 October 15 October 21 October 29
<b>Chillicothe</b> August 20	<b>Newark</b> August 7	
<b>Cincinnati</b> August 28	<b>Painesville</b> August 20	
<b>Columbus</b> August 27 September 9 September 24 October 7 October 29	<b>Port Clinton</b> August 19	
<b>Dayton</b> September 15 October 29	<b>Seaman</b> September 29	
<b>Delaware</b> August 6	<b>Sharon Woods</b> September 15	
<b>Findlay</b> August 19 October 8	<b>Wooster</b> August 10	
<b>Lancaster</b> August 5 October 21	<b>Youngstown</b> September 9	
<b>Lebanon</b> August 5	<b>Zanesville</b> August 6	

### 2010 PROVIDING LONG-TERM AWARENESS NOW

<b>Columbus OPERS</b> March 25	<b>Independence</b> April 15	
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# 2009 - 2010 calendar of educational seminars

# Ohio PERS Board of Trustees

## 2010 RETIREMENT AWARENESS PROGRAM

<b>Athens</b> April 28	<b>Columbus OPERS</b> Jan. 20 Feb. 18 April 1 May 19	<b>Independence</b> April 13
<b>Canton</b> June 9		<b>Mansfield</b> June 23
<b>Cincinnati East</b> Jan. 27 June 16	<b>Cuyahoga Falls</b> March 17	<b>Perrysburg</b> Feb. 10
<b>Cincinnati North</b> May 11	<b>Dayton</b> March 3	<b>Strongsville</b> Jan. 13 May 26

## 2010 RETIREMENT READINESS

<b>Athens</b> April 29	<b>Columbus OPERS</b> Jan. 21 March 30 May 20	<b>Mansfield</b> June 24
<b>Canton</b> June 10		<b>Perrysburg</b> Feb. 11
<b>Cincinnati East</b> Jan. 28 June 17	<b>Dayton</b> March 4	<b>Strongsville</b> Jan. 14 May 27
<b>Cincinnati North</b> May 12	<b>Independence</b> April 14	

## 2009 - 2010 REMOTE COUNSELING SESSIONS\*

<b>Cincinnati Eastgate</b> Nov. 16-19, 2009	<b>Miamisburg</b> April 5 - 8	<b>Wickliffe</b> June 14 - 17
<b>Cuyahoga Falls</b> Jan. 4 - 7 April 19 - 22	<b>Perrysburg</b> Jan 25 - 28 May 3-6	<b>Wooster</b> June 28 - July 1
<b>Lima</b> Feb. 22 - 25	<b>Sidney</b> March 8 - 11	<b>Youngstown</b> March 22 - 25
	<b>Strongsville</b> Feb. 1 - 4 May 17 - 20	

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 retired members); 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.

### Elected Board Members

**Eddie Parks**  
State Employees

**Sharon M. Downs**  
Retired Members

**John W. Maurer**  
Retired Members

**Kimberly Russell**  
State College and  
University Employees

**Cynthia Sledz**  
**Vice Chair**  
Miscellaneous  
Employees

**Ken Thomas**  
**Chair**  
Municipal Employees

**Helen Youngblood**  
County Employees

### Statutory Board Member

**Hugh Quill**  
Director, Department  
of Administrative  
Services

### Appointed Board Members

**Lennie Wyatt**  
Investment Expert  
Governor Appointee

**Charlie Adkins**  
Investment Expert  
Treasurer of State  
Appointee

**James R. Tilling**  
Investment Expert  
General Assembly  
Appointee

**Chris DeRose**  
*Chief Executive Officer*

\*Dates are in 2010 unless otherwise noted.



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## OPERS offers members 'A Bridge to Somewhere'

Many of us wonder, "Am I doing enough to prepare for 'the good life' during retirement? What should I be doing besides contributing to my OPERS benefit?"

For a limited time only, OPERS is offering an opportunity to attend an educational session that's focused on a holistic approach to retirement planning...one that looks above and beyond your OPERS retirement benefit.

**A Bridge to Somewhere: Planning Beyond Your OPERS Account** is a two-hour session which will be conducted by Diane Savage, CFP®, CRC®. Savage is a renowned expert in the field of holistic retirement planning. Invest some time to learn more about financial and personal choices that will be important for your retirement success—regardless of when that occurs.

Admission to **A Bridge to Somewhere** is free to OPERS members. These sessions will be offered only at the dates and locations below and seating is very limited. Call 1-800-222-7377 to confirm your reservation.

Wed., Sept. 30 – Columbus – 1:00-3:00 p.m.

Tues., Oct. 20 – West Chester – 1:00-3:00 p.m.

Tues., Oct. 27 – Independence – 1:00-3:00 p.m.

## Web video offers new way to learn about the three OPERS retirement plans

There is a new way for members to learn about the three OPERS retirement plans. The *How To Select Your OPERS Retirement Plan* seminar is available for viewing on [www.opers.org](http://www.opers.org) under "Seminars" in the Member section. Don't let the name of the video fool you – the seminar is full of relevant information for all members.

The seminar has been divided into eight video chapters, so you can watch any or all of the segments depending on your interests and time. This is just one more way to make OPERS retirement plan information convenient for you to access, anytime day or night.