

# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Combined Plan

## Senate passes OPERS pension bill Your support is still needed

After months of educating and lobbying legislators, and with the support from our members, pension legislation has unanimously passed through the Ohio Senate. The Senate voted 33-0 to pass Senate Bill 343 on Wednesday, May 16.

This is one important step in the bill's progress.

In November 2009, the OPERS Board of Trustees approved pension plan design changes that will help OPERS maintain the fund's financial strength and its ability to provide pensions with no increase in taxpayer contributions.

S.B. 343 includes the original recommendations proposed by the OPERS Board of Trustees and also

a newly-created concept for addressing "spiking."

The Senate introduced separate bills for each pension system. S.B. 343 will make changes to the laws governing only OPERS whereas, S.B. 3 and H.B. 69, introduced in February 2011, would have made changes to the laws governing all five Ohio pension systems.

In a show of bipartisan support, Senate President Tom Niehaus (R- New Richmond) and Senate Minority Leader Eric H. Kearney (D-Cincinnati), co-sponsored the bill declaring now is the time for action. As a result, the bill moved swiftly through the Senate. The introduction of S.B. 343 was announced during a May 8 press conference at the Ohio Statehouse. Hearings began immediately in the Senate Insurance, Commerce and Labor Committee and a week later, Tuesday, May 15, the committee unanimously approved the bill.

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### Thank you for your support!

Thank you for the outpouring of support we received and for urging the General Assembly to take action on meaningful pension legislation. The tremendous response from our members and retirees was instrumental in encouraging the Senate to move the legislation forward.

## Senate passes OPERS pension bill

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*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](http://www.opers.org)

1-800-222-7377

Monday - Friday

8 a.m. to 4:30 p.m.

[newsfeedback@opers.org](mailto:newsfeedback@opers.org)

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*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.*

### Next Steps

Now that S.B. 343 has been approved by the full Senate, the bill has been sent to the Ohio House of Representatives and is assigned to the Health and Aging Committee. House leadership has indicated it will consider pension legislation after an actuarial study by the Ohio Retirement Study Council is concluded later this summer.

It is important to keep our momentum moving forward throughout the summer and early fall, as we continue to work diligently with members of the House and the Governor's office to ensure passage of S.B. 343.

**We cannot stop now. It is important for our voice to remain strong as S.B. 343 moves to the House, so please take action and let your elected officials hear from you. Visit [www.opers.org](http://www.opers.org) and show your support by clicking on the Take Action Now window.**

We will continue to offer our members and retirees several ways to follow the progress of this pension legislation:

- Frequent updates are posted in the Special Coverage section of [www.opers.org](http://www.opers.org)
- Semi-weekly posts to our PERSpective blog, which you can read at <http://perspective.opers.org>
- Information posted on our Facebook page: [www.facebook.com/ohiopers](http://www.facebook.com/ohiopers)
- Messages via Twitter: <http://twitter.com/ohiopers>
- Updates via e-mail for members who have provided us with their current e-mail address

## OPERS introduces

### Contribution Based Benefit Cap

The practice of a small number of members who are able to achieve high salaries to increase their final pension benefits has been a concern to the Ohio General Assembly and the Ohio Public Employees Retirement System for many years. That's because the lifetime contributions of those few members who are able to "spike" their salaries are not sufficient to support their higher pension benefits.

OPERS has proposed a unique method to cap the benefits of members whose salaries spike far higher than their career contributions. The Contribution Based Benefit Cap formula was included in Senate Bill 343, and we hope to secure its passage into law this year.

The proposed cap is not designed to impact members who receive typical salary increases and promotions throughout their careers. It's a new approach to address spiking because it focuses not on final average salary but on accumulated contributions by the member. It is meant to cap the pension benefits of only those members who have a formula benefit out of proportion with their contributions. It is anticipated that only around 2 percent of OPERS members will be impacted by the proposed cap.

It also is important to note that OPERS' recommended anti-spiking measure as currently proposed would not be applied retroactively. It would apply only to members who retire after pension legislation becomes law.

## How a bill becomes a law

### Step 1: Senate Introduction

Senate Bill 343 was introduced May 8 and assigned to Senate Insurance, Commerce and Labor Committee



### Step 2: Senate Committee

Committee hearings on S.B. 343 were held May 8, 9 and the bill was favorably voted out of committee May 15 and sent to the Senate floor for consideration



### Step 3: The Senate Floor

S.B. 343 voted off the Senate floor, May 16 and sent to the House for consideration.



### Step 4: House Committee

S.B. 343 has been referred to the House Health and Aging Committee where hearings will be held on pension legislation.



### Step 5: The House Floor

If S.B. 343 is voted favorably out of the House Committee it will be debated on the House floor and voted on. If the bill receives a majority of the votes, it will be sent to the Governor for signature. If the bill is amended, it will be sent back to the Senate for concurrence.



### Step 6: Concurrence

The full Senate may vote to accept any changes the House made to S.B. 343. If the Senate does not agree, a conference committee of both Senate and House members will convene to discuss the differences and come to an agreement. The final approved bill will then be sent to Governor Kasich for his signature.



### Step 7: Governor's Signature

Once Gov. Kasich signs the bill into law, the bill will go into effect after 90 days.



*Note: Some items could be implemented later. Visit [www.opers.org](http://www.opers.org) for updates.*

# The future of OPERS retiree health care coverage

## Challenges to preserving coverage and potential solutions

### Challenges ahead

OPERS faces many challenges to offering our current level of retiree health care coverage including:

- Pension legislation containing changes proposed by the OPERS Board two-and-a-half years ago has not yet been enacted. Lack of pension legislation creates a challenge for funding health care coverage.
- OPERS is required by law to fund and provide pensions benefits, but not to provide health care coverage. Only after we have met our pension obligations are we permitted to use some of the employer's contributions to fund health care coverage. We cannot use the employee's contribution to fund health care.
- Baby Boomers are retiring – leading to an anticipated 40 percent increase in retirees in the next 10 years.
- Retirees are living longer - the average OPERS member retires at age 57; using 78.3 life expectancy, they would have our health care coverage for more than 21 years. This is far more than anticipated when we began providing health care coverage.
- The current value of the OPERS health care fund is \$11.5 billion. At our current spending level, the fund will run out of money in 2020, 2026 if the pension legislation is passed.
- The health care fund is primarily funded by investment returns and employer contributions. Investment returns have been volatile in recent years, including a loss of more than 25 percent in 2008 and flat returns in 2011.

These challenges are too far-reaching to allow us to maintain our current coverage level. While we have not reached any final decisions on changes to the health care plan, we have spent a great deal of time exploring a variety of options and have defined a proposed set of changes to the program. A final decision by the OPERS Board will be made this fall, with implementation in the next couple of years.

### Without Pension legislation in 2012

If pension legislation is not passed in 2012, OPERS will be forced to implement far reaching health care changes which will affect both current and future retirees.

OPERS is required by law to meet our pension obligations and the plan changes recently passed by the Ohio Senate will allow us to continue to do so. We are not required by law to provide retiree health care coverage. Without this legislation, employer contributions to the health care fund will become zero percent in 2014. Health care spending will need to be reduced from \$1.6 billion dollars per year to approximately \$500 million - cutting the health care program by nearly 70 percent.

Without pension legislation, OPERS will stop providing health care for 220,000 retirees and dependents with two minor exceptions. The two programs we will continue to provide are reimbursement of Medicare Part B premiums and Medicare Part A (hospitalization coverage) for those hired before 1986 and therefore not covered by Medicare Part A, approximately 7,000 people. Absent pension legislation, OPERS must continue to provide these.

OPERS needs legislative action in 2012, and we would like you to remind your elected officials why this issue is so important to you and your retirement system. Please see page 2 for ways that you can show your support for this critical legislation.

### With pension legislation in 2012

Passage of legislation this year will allow OPERS to continue providing retiree health care coverage at some level. However, we still need to make substantial changes to the current plan in order to preserve the health care program for as long as possible.

If pension legislation is passed, we plan to restore health care funding to 4 percent of employer contributions. Unfortunately, this is only about half the amount of funding needed to continue providing the current level of coverage.

*(continued on next page)*

## **future of health care** *(continued from page 4)*

*with pension legislation in 2012 continued*

Our objective is to develop a health care program that can be funded and sustained with 4 percent of employer contributions. Our focus is to preserve access to health care coverage for career employees upon retirement.

Although these changes are not yet finalized, the new health care plan will likely:

- require a minimum age of 60 for members to become eligible for health care coverage (for those retiring after the implementation date).
- increase minimum years of service for health care eligibility to 20 years (for those retiring after the implementation date).
- provide health care for those with 30 years of service at any age.
- no longer feature an OPERS-sponsored plan for Medicare-eligible participants but introduce a personalized model allowing participants more choices and greater affordability.
- eliminate access to coverage and premium allowance for spouses since they never paid into the system. Spouses eligible for Medicare Parts A and B may participate in the personalized model.
- limit the types of service credit counting toward health care eligibility to contributing service, service transfers from other Ohio retirement systems and restored service credit only.
- base premiums and allowance on age and years of service.
- reduce or eliminate the Medicare B reimbursement.
- transition some changes over three years.

Your feedback is important. Before the Board takes final action, OPERS staff is presenting the proposed changes

at meetings around the state (see below). We strongly encourage all members to attend one of these sessions.

Even though we make annual changes to our health care plan, we recognize that altering the plan to this degree presents challenges to both retirees and active members attempting to make retirement decisions. Members of the OPERS Board are charged with making some extremely difficult decisions in their attempt to preserve a level of health care coverage for current and future retirees.

OPERS will communicate any news regarding these changes as soon as possible. Please visit the Special Coverage section at [www.opers.org](http://www.opers.org) for the latest information. Also, make sure OPERS has your current e-mail address on file so that you can receive e-mail news bulletins. You can do this by accessing your account on our website.

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### **Town Hall meetings**

This summer OPERS will hold dozens of meetings around the state to gather feedback on proposed changes to our health care coverage plan and to review pending pension legislation. Members and retirees are encouraged to attend.

The Town Hall meetings are open to all members and retirees. The two-hour meetings will be held at various locations across the state to review proposed health care coverage changes and pension legislation updates.

**Registration is required.** A list of available dates and locations can be found on our website, [www.opers.org](http://www.opers.org). Links are located within the Special Coverage section on the home page. You need to register by signing into your account or by calling 1-800-222-7377.

In case sessions are filled or not currently scheduled in your area, the presentation delivered at the sessions is available for download from the OPERS website.

## Stay connected to OPERS

Here are just some of the ways you can stay connected to OPERS:

### **PERSpective**

*PERSpective* is a blog we have created to share our thoughts on important pension-related issues. Subscribe to *PERSpective* by clicking on the RSS feed logo on [www.opers.org](http://www.opers.org), or read it regularly at <http://perspective.opers.org>.

### **Facebook and Twitter**

More than 4,000 members and retirees “Like” our Facebook page, which uses the name “Ohio PERS.” We also utilize a Twitter account under the name “ohiopers.” Facebook and Twitter messages are used to inform people of news, events and items of interest. We encourage you to follow us on Twitter by searching @ohiopers and to “Like” us on Facebook in order to receive updates from OPERS within your newsfeed.

### **eNewsNow**

*eNewsNow* is our mass e-mail system that allows us to provide members and retirees with timely information more quickly and efficiently than ever before. To begin receiving these important e-mail alerts, register for or log in to your online account and update your contact information.

## Electronic quarterly statements

### It's easy to access your statements online

You can reduce the amount of mail delivered to your mailbox by electing to receive your quarterly statements and account transaction confirmations electronically. Simply go to [www.opers.org](http://www.opers.org) and log in to your online account, or call the OPERS Help Line at (866) 673-7748 for assistance.

### Here are the steps to set your mail delivery preference:

- Visit [www.opers.org](http://www.opers.org) to log in to your online account
- Access your Defined Contribution account by choosing My Contributions and select View Your Account Balance
- Click on My Mailbox and select Mail Delivery Preference. The correspondence and account statements preferences will already be set to U.S. mail
- Enter your preferred e-mail address and click Submit. You will see a message indicating that you have successfully changed your mail preferences to electronic delivery, and will receive a confirmation e-mail.

Once you've changed your delivery preference, you will be notified via e-mail when new correspondence or quarterly statements become available. The e-mail will specify if the electronic document is an account statement or a confirmation letter. *Please note the e-mail will originate from [INGSUPPORT@us.ing.com](mailto:INGSUPPORT@us.ing.com).*

### To view your electronic documents:

- Visit [www.opers.org](http://www.opers.org) to log in to your online account
- Access your Defined Contribution account by choosing My Contributions and select View Your Account Balance
- Choose either Correspondence or Account Statements and select the document you wish to view

# Preparing for Retirement

## Checklist of forms and documentation you need to begin the retirement process

If you are considering retirement, it's important to be familiar with the forms and documentation necessary to process your retirement application. Once you've decided to apply for retirement, you will receive an application packet including a Combined Plan Retirement Application (SR-1CO) and Health Care Coverage Application (HC-1), as well as other information designed to guide you through the steps of applying for retirement.

***Please include your Social Security number on all paperwork and documentation you submit.***

The following documents are also required to process your retirement application:

- Proof of date of birth
- Proof of date of birth for beneficiary and eligible dependents for health care
- Marriage certificate
- Proof of Medicare A and B - for you and your spouse if applicable
- Complete court order - if you are subject to a court order to designate a former spouse on your retirement benefit

## Your OPERS account

### Your online account has a new look

If you have logged in to your online account recently you probably noticed the system has a new look. OPERS has recently modernized the online account system to feature navigation that's easier to use, a more attractive visual appearance and enhanced functionality allowing compatibility with more computers and Web browsers. Take some time to explore your account information within the new site and discover all the convenience available to you by accessing your account online.

The following forms and documents may be necessary if applicable to your personal situation:

- Certification of Unreported Service form - for the purchase of service credit due to unreported service
- Certification of Federal, Out of State or Municipal Service form - for the purchase of additional service credit
- Military Discharge (DD-214) - for the purchase of military service
- Leave of Absence Letter - which states the leave was approved, not time in a laid off status, the dates of the leave and the amount of money that you would have earned during the leave period
- Bureau of Workers' Compensation (BWC) Claim number - if you have been paid by the BWC during public employment

***OPERS should receive all necessary applications, forms and documentation 60 days prior to the month in which you terminate employment. For more information on applying for retirement, visit [www.opers.org](http://www.opers.org).***

**After registering for online account access, members can:**

- Update address and personal information
- Designate beneficiaries
- Schedule a counseling session
- Print an annual statement

### Registration is easy

1. Log on to [www.opers.org](http://www.opers.org)
2. Click on the "Register Now" link in the Access Your Account section (top, right corner of the home page). You will need your Social Security number and an active e-mail account.

 Printed in Ohio on paper with a 10% post-consumer content



## Would you like to access your OPERS account online?

### WHY WAIT? REGISTER TODAY!

Scanning this code with any smart phone code reader will take you directly to our account access registration page.

## Ohio PERS Board of Trustees

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

**Sharon M. Downs**  
Retired Members

**John W. Maurer**  
Retired Members

**Kimberly Russell**  
State College and  
University Employees

**Matthew Schulz**  
State Employees

**Cynthia Sledz**  
Vice Chair  
Miscellaneous  
Employees

**Ken Thomas**  
Chair  
Municipal Employees

**Helen Youngblood**  
County Employees

### Statutory Board Member

**Bob Blair**  
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

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Executive Director