

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Combined Plan

Service purchase deadline approaching

The window of opportunity to make a service purchase at the current cost is quickly approaching. You must initiate a purchase through post-tax payroll deductions or make a valid payment between **Jan. 7, 2013**, and **July 7, 2013**, to purchase service credit at the current cost calculation. Since July 7, 2013 is a Sunday, the payment must be received at OPERS by close of business July 5, 2013.

service credit to be purchased will be calculated under the new cost calculation.

If you are already enrolled in a pre-tax service purchase and continue without a change in employment, your existing agreement will not be recalculated. If you cease or change employment the pre-tax agreement will become invalid and you will have to re-enroll in a new agreement, which will be subject to recalculation after July 2018. Once recalculated, post-tax will be the only option for payroll deduction.

If you intend to initiate a service purchase prior to the July 7, 2013 deadline, please begin the process as soon as possible. OPERS is working to complete a number of cost estimates and process requests, so it is very important that you act now to meet the July 7 deadline. Some service purchase types require paperwork from third parties and OPERS cannot intervene to obtain any necessary documentation from other entities. OPERS cannot be responsible for missed opportunities due to lack of adequate processing time. Visit www.opers.org for the complete list of documentation. The cost to purchase service credit previously refunded is not affected by these cost changes and no action is required.

Service purchases affected by increase include: additional service credit; exempted service; out-of-state, federal or municipal service credit; leave of absence I and II; prior elected service; optional service; school board service; military service; plan change service. **Visit www.opers.org for more information or call 1-800-222-7377.**

To initiate a payroll deduction, a valid *Service Purchase - Payment Option Form* (the last page of a cost statement) must be post-marked on or before **July 7, 2013** to OPERS. Since the payment will be deducted from future payrolls we are able to accept items up to July 7, 2013.

To make a payment, the payment accompanied by the *Service Purchase - Payment Option Form* **must be received** by OPERS on or before **July 5, 2013**. Remember, if you are rolling funds over from Deferred Compensation or other institutions, they have required time frames for processing, so please check with those institutions.

You then have until July 7, 2018, to complete the purchase before the cost will be recalculated. **If the purchase is not completed by July 7, 2018, any remaining**

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OPERS Board Approves One-Year Delay for New Retiree Health Care Plan

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

Monday - Friday

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

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 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.

The OPERS Board of Trustees approved a one-year delay in the implementation of key parts of the new retiree health care plan adopted last year. This one-year delay applies to all the components of the new plan with a few exceptions.

The following components of the new health care program will NOT be delayed for one year

- **Qualifying service credit:** OPERS will apply the new rules for which types of service credit will qualify in 2014 (see page 3).
- **Medicare Part B premium reimbursement:** OPERS will retain our scheduled reduction of the Medicare Part B reimbursement in 2014.
 - 2014 reimbursement: \$96.40
 - 2015 reimbursement: \$63.62
 - 2016 reimbursement: \$31.81
 - 2017 and after: \$0
- **Disability five-year rule:** Members who retire under a disability retirement Jan. 1, 2014, or later will be subject to the five-year limit on access to health care. Those who qualify for Medicare due to a disability can stay on the OPERS Health Care Plan.
- **Voluntary withdrawal:** Retirees who voluntarily elect to withdraw from the OPERS health care plan on or after Jan. 1, 2014 cannot re-enroll.
- **Minimum earnings:** Beginning Jan. 1, 2014, contributing service credit for health care will be accumulated only if the member earns at least \$1,000 per month.

Key components being DELAYED by one year to Jan. 1, 2015

- **New eligibility rules:** The new program will require members to have at least 20 years of service and be at least 60 years old to qualify for health care or have 30 years of service at any age.

(continued on next page)

OPERS Board Approves One-Year Delay for New Retiree Health Care Plan *(continued from page 2)*

This means that members have an extra year to decide whether or not to retire under the current eligibility rule of 10 years of service. Members must not be on their employers' payroll later than Nov. 30, 2014, in order to qualify for OPERS retiree health care with 10 years of service.

- **Allowance reduction:** The new health care plan will base the allowance given to participants for their monthly premiums on age and service. There will be a three-year transition for participants to the new allowance tables.

The delay means that the transition will run from 2015 to 2017. Plan participants and their spouses will retain their current allowance through 2015. In 2016, the difference between the current allowance and the new allowance will be reduced by one third. In 2017, the difference will be reduced by two-thirds. The new allowance will go into effect in 2018.

Key component being delayed one year from Jan. 1, 2015 to Jan. 1, 2016

- **OPERS Medicare Connector:** The new health care plan includes a connector model for Medicare-eligible members, in which a licensed professional helps the member choose a plan, in the individual Medicare market, that can be paid for with the allowance received from OPERS.

OPERS is making these timing changes so current members and retirees can have more time to prepare.

The delay also will allow us more time to educate members and communicate the details of the new retiree health care plan.

Visit www.opers.org to view a video featuring OPERS Health Care Director Marianne Steger sharing the reasons behind these changes, and view a summary of

the health care plan approved last year and a breakdown of which components are and are not affected by the implementation delay.

If you are considering retirement in the near future, there some rule changes effective Jan. 1, 2014 that could affect your eligibility for OPERS health care coverage.

Service credit: For members retiring with an effective date after Dec. 1, 2013, only the following types of service credit will apply toward health care eligibility - contributing service, Ohio Retirement System transfers, interrupted military service (USERRA), unreported time and restored (refunded) service.

Minimum earnings: Health care credit will be granted for months in which at least \$1,000 is earned. Partial health care credit will not be granted for months in which less than \$1,000 is earned. Credit earned prior to January 2014 will not be affected by this change.

Disability recipients: Members first receiving a disability benefit prior to Jan. 1, 2014 will have continued access to health care coverage based on the annual review and approval of their disabled status. Members first receiving a disability benefit on or after Jan. 1, 2014 will have coverage during the first five years they are receiving disability benefits. After five years, the recipient must meet minimum age and service requirements or be enrolled in Medicare due to disability status to remain enrolled in the OPERS plan. If enrolled, allowance will be determined in the same way as an age and service retiree.

If you would like additional information, please go online to www.opers.org to access the Health Care Planning Tool or call 1-800-222-7377 to schedule an appointment with an OPERS member counselor either in-person in Columbus or over the phone.

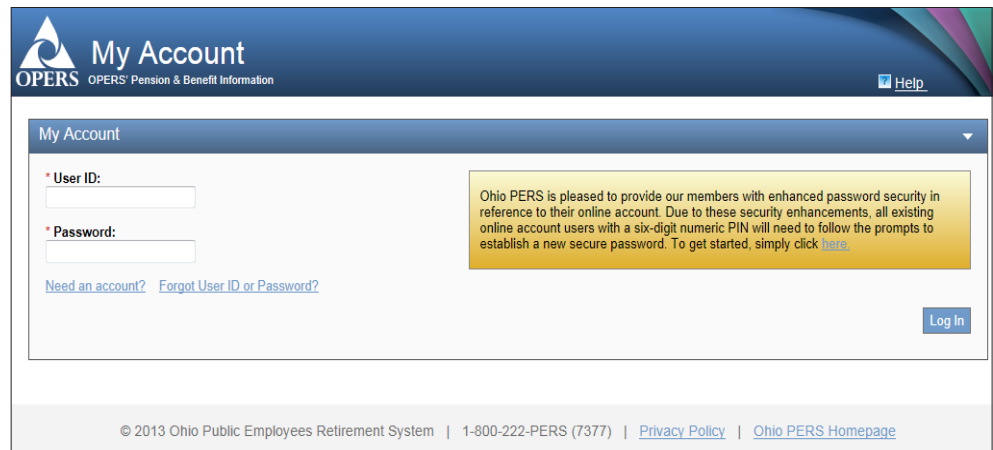
Enhancements to your online account

Providing increased security, improved navigation

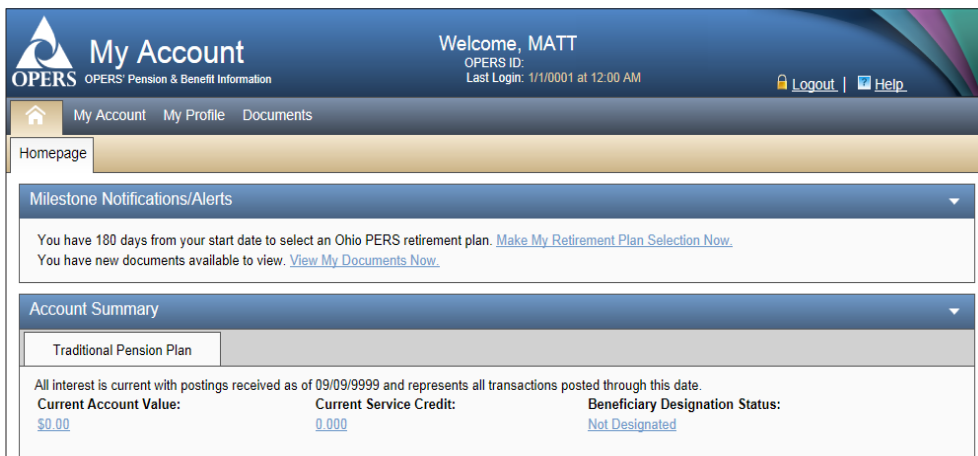
Beginning this summer, you will see enhancements to your online account designed to provide you with increased security, improved navigation and more self-service options.

To continue offering you the highest level of security when accessing your online account, online account password requirements will be changing. When you log into your online account, you will be prompted to establish a password that meets these new security requirements. If you have not accessed your online accounts within the past year, you will be asked to re-register and establish a password that meets the new requirement. Your password must include a minimum of eight characters and consist of at least three of the following four items:

- uppercase letters (A – Z)
- lowercase letters (a – z)
- numbers (0 – 9)
- special characters (@#\$\$%^*&)



Once you log in, you may notice some of the enhancements designed to improve navigation and provide more self-service options. For example, on the home page of your account, you can find your account summary, view notifications and account status alerts. You can also generate account-related documents such as a service credit history letter or an account value letter, all from one central location. **You will also be asked to reset your correspondence preference to**



electronic mail or postal mail. Please be sure to make a selection so you can continue receiving the latest OPERS news and information.

OPERS ID - Your OPERS ID will soon be available on the home page of your online account. You will also begin to see this ID on correspondence you receive from OPERS. This unique identifier will serve as your secure identity with OPERS, and will be used in many

instances from verifying your identity over the phone to submitting OPERS forms. You will have the option to use your OPERS ID if you are not comfortable using your SSN, or you can continue using your SSN as your identifier. OPERS can still identify you by your SSN should you forget your OPERS ID.

Access your online account today - Next time you log into your online account, explore some of the new features and review your account information. Remember to update your personal information including address, e-mail and correspondence preference. To access your online account, visit www.opers.org and follow the prompts in the top right corner of the [opers.org](http://www.opers.org) home page.

Beneficiary designation changes

Universal designation to apply to all retirement plans

As a result of provisions in Sub. Senate Bill 343, OPERS will be implementing changes to the beneficiary designation process for members with multiple retirement plan accounts.

Currently, members can designate different beneficiary(ies) for each of the three OPERS retirement plans: Member-Directed, Combined, and Traditional Pension Plans.

Effective **July 7, 2013**, OPERS will require members to make one single beneficiary designation that will apply to all retirement plans in which you have service. As of July 7, 2013, this selection can be made through the online account or by submitting a paper *Universal Beneficiary Designation Form* (A-3U) available at www.opers.org.

If a member enrolls in a different retirement plan during their working career, their beneficiary designation will then carry over to their new retirement plan instead of requiring the member to submit another beneficiary designation form.

Please take this opportunity to verify the beneficiary

designations you have on file with us and to make any changes or updates you deem necessary. If you have service in more than one retirement plan account, your most recent beneficiary designation will apply to all your accounts.

Remember, any changes you make between now and July 7, 2013, will automatically become your universal beneficiary designation as of July 7, 2013.

After July 7, 2013, any changes you make will apply to all retirement plans in which you have service, until you make a new beneficiary designation.

OPERS will require you to make one single beneficiary designation that will apply to all retirement plans in which you have service.

Condensed plans of payment

Plans to take effect September 2013

An additional provision included in Sub. S.B. 343 was the implementation of condensed retirement plans of payment. What this means is, the current plans of payment (A, B, C, D, E, F) are being consolidated to three plans (Single Life Plan, Joint Life Plan, Multiple Life Plan).

You will still have the same payment plan options available to you, with the exception of Plan E, just under a new name. Plan E, life with a fixed period, is being eliminated.

All current plans (A, B, C, D, E, F) will be honored for retirees who choose a plan before the implementation date of Sept. 1, 2013, and those whose effective retirement date is on or before Aug. 1, 2013. Retirees with effective dates of Sept. 1, 2013 and after will receive their retirement benefits under one of the new plans of payment.

New plans effective Sept. 1, 2013:

Single Life Plan (replaces Plan B): This is a monthly annuity option paid solely to the you, the member, for life, and is based on your projected life expectancy and the accumulated contributions for the period of your service.

Joint Life Plan (replaces Plans A, C, D): This option allows you to choose one beneficiary and designate an amount from 10 to 100 percent of your monthly benefit to go to that beneficiary.

Multiple Life Plan (replaces Plan F): This option allows you to designate two to four surviving beneficiaries who would receive a percentage of your monthly benefit.

Ohio PERS Board of Trustees

The 11-member Ohio PERS Board of Trustees is responsible for the administration and management of Ohio PERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, 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
Vice Chair
Retired Members

John W. Maurer
Retired Members

Heather Link
State College and
University Employees

Matthew Schulz
State Employees

Cynthia Sledz
Chair
Miscellaneous
Employees

Ken Thomas
Municipal Employees

Helen Youngblood
County Employees

Statutory Board Member

Robert Blair
Director, Department
of Administrative
Services

Appointed Board Members

Vacant
Investment Expert
Governor Appointee

Robert Smith
Investment Expert
Treasurer of State
Appointee

James R. Tilling
Investment Expert
General Assembly
Appointee

Karen Carraher
Executive Director

OPERS Board Elections Your voice, your choice

OPERS will hold elections in September for three seats on the OPERS Board of Trustees, with the four-year terms beginning in January.

As an OPERS member, you can vote for your representative. Targeted voting materials will be mailed Aug. 21, and all votes must be received by Oct. 4. The votes will be tabulated Oct. 7 at the OPERS building under the direction of the Ohio Secretary of State.

The three seats up for election in 2013 include one representative for each of the following groups:

County employees - representing about 90,000 county workers.

Miscellaneous employees - representing about 49,000 employees including those who work at park districts, conservancy districts, sanitary districts, health districts, townships and libraries.

Retirees - one of two seats representing about 157,600 age and service and disability retirees.

Any active OPERS member, with the exception of one receiving a disability benefit, is eligible for election to represent the members of their employee group on the OPERS Board of Trustees. Under Ohio law, a candidate seeking election to an employee member Board seat is required to obtain a minimum of 500 signatures from active members within their employee group. At least 10 different counties must be represented by a minimum of 20 signatures each. The same rules apply to retirees seeking nomination, except that they must obtain at least 250 signatures. At least five counties must be represented by at least 10 signatures each.

Contact your employer's HR department or visit the OPERS website, www.opers.org, to obtain a nominating petition packet. Completed nominating petitions and forms are due at the OPERS office no later than 4:30 p.m., Monday, Aug. 5; petitions postmarked on this date, but received later, are invalid. Any candidate successfully meeting the nomination criteria will be placed on an official ballot.

Legislative Update

On April 18, Congressman Devin Nunes of California introduced legislation (H.R. 1628) that would impose additional federal reporting requirements on Ohio's public retirement systems and could negatively impact OPERS and the other statewide systems. The federal legislation is called the "Public Employee Pension Transparency Act" or "PEPTA."

One of the main themes of the legislation is that public employee pensions do not appropriately calculate and report their assets and obligations. OPERS operates in a very transparent manner – in the past two years, we have spent a total of more than \$2 million on actuarial studies and statutorily required reports to show our funded status, assets and accrued liabilities, and other financial data. In seeking to force disclosure of information that we already provide, PEPTA would add nothing more than an unnecessary layer of bureaucracy and cost.

Another theme of the legislation is that the "assumed rates of investment return" used by public employee pensions are unrealistically high, leading to excessive and unnecessary risk in their investment portfolios. Experience has shown that OPERS' assumed rate (currently 8 percent) is not only realistic, but also reasonable. The OPERS Board of Trustees sets the assumed rate based on the advice and recommendations of an independent investment expert; and over the past 30 years – a period that includes the economic downturns of 2001 and 2008 – we have exceeded our assumed rate of return, earning more than 8.5 percent.

For these reasons, OPERS has joined a coalition of public employee pension funds to oppose PEPTA. We encourage you to contact your member of Congress by visiting, www.house.gov, and encourage them to oppose PEPTA and support Ohio's public employee retirement systems.

Education resources

OPERS now offers webinars for Combined Plan members in Group A (eligible to retire on or before Jan. 7, 2018).

Visit www.opers.org and click on Seminar Options for the latest information.

Ready to Retire Health Care Webinar for Combined Plan Members in Group A

During the webinar you can view the presentation and ask questions without having to travel to a seminar location. The webinar covers the upcoming changes to the OPERS Health Care Plan approved by the OPERS Board of Trustees.

Topics include:

- Important health care changes that will impact your retirement
- Eligibility for health care
- How to calculate the monthly premium
- General coverage overview

There are also several recorded online presentations available on www.opers.org.

The presentations include:

- OPERS Pension and Health Care Changes
- Disability Benefits
- How to Access Your Online Account
- Retirement Checklist
- Health Care Planning Tool Tutorial

Visit www.opers.org for a complete schedule of webinars and to view recorded online presentations.



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

Membership determination requests: Deadline approaching for employers to notify members

OPERS provides benefits to members who have earned service credit under guidelines set in state law. Ohio retirement law governs the service credit eligibility of individuals hired as independent contractors or other classifications other than public employee for which no retirement contributions were or will be remitted to OPERS.

Legislative changes enacted under Sub. Senate Bill 343 and House Bill 67 created a window for individuals classified as contractors to seek a membership determination from OPERS and, in some cases, claim unreported service time. Ohio retirement law requires employers to notify individuals of their rights to request determination of membership by Sept. 7, 2013. The

deadline for individuals to request determinations is Aug. 7, 2014. To request a membership determination from OPERS, please complete the *Notice of Right and Request for: Determination for OPERS Membership* (Form PEDREQ) and return it to OPERS prior to the Aug. 7, 2014 deadline. Upon receipt of a properly completed form, OPERS will begin its review and may request additional information from the individual and/or public employer before making a membership determination. Individuals are encouraged to work with their employer to produce such information.

For more information, or to obtain a membership determination form, visit www.opers.org, or contact OPERS Employer Outreach at 888-400-0965.