

# Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

## Combined Plan

### OPERS introduces rehabilitative services program

OPERS introduces a rehabilitative services program for OPERS disability benefit recipients who applied for a benefit on and after Jan. 7, 2013. The goal of this new, voluntary program is to maximize a disability benefit recipient's employability through

clinical and vocational rehabilitative services.

Those who choose to participate in rehabilitative services will be working with a clinical case manager who will set up a plan of medical care as directed by the recipient's physician.

The clinical case manager will also monitor the participant's continued medical treatment, provide information and evaluate the participant's engagement in rehabilitative services. In addition, a career specialist will provide participants with the appropriate vocational resources and tools, including local and state resources, to assist in their effort to seek employment in the competitive labor market.

Disability benefit recipients choosing to actively participate in rehabilitative services will be reviewed under the "own occupation" standard of disability and their leave of

absence period can be extended from three years up to a total of five years. The "own occupation" disability standard means a person is physically or mentally incapable of performing the duties of his or her last public employment position.

Once a program participant's leave of absence period expires, they will be reviewed under the "any occupation" standard of disability. The "any occupation" disability standard means a person is physically or mentally capable of performing the duties of any position which meets a certain set of criteria.

Disability benefit recipients choosing to not participate in rehabilitative services will be required to engage in continued treatment and will have a leave of absence period of three years. Once this period expires, the recipient will be reviewed under the "any occupation" standard of disability.

Participation in the rehabilitative services program is voluntary. However, we feel the program provides many valuable resources and hope recipients will take advantage of the program. If you have any questions, please feel free to contact Managed Medical Review Organization (MMRO), OPERS' third party administrator at 1-866-516-6676.

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## Three elected to fill vacant Board seats

The OPERS Board of Trustees certified the results of last year's election for three open seats. The winning candidates, who were elected by OPERS members and retirees, were:

- County representative: Sean Loftus
- Retiree representative: John Maurer
- Miscellaneous representative: Cinthia Sledz

They are serving four-year terms that began Jan. 1.

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## Investment Returns in 2013

2013 was a very successful year for all three of the OPERS investment funds. As of Dec. 31, the OPERS Fund achieved a 13.9 percent investment return for 2013 with total assets reaching a record \$88.6 billion. The OPERS Defined Benefit Fund return rose 14.38 percent, while the OPERS Health Care Fund increased 11.37 percent to \$13 billion. And, the OPERS Defined Contribution Fund increased to \$885 million. Investment returns are preliminary pending final review.

“The strong performance of our investments in 2013 illustrates the professional, prudent manner in which the OPERS pension and health care portfolios are managed,” said OPERS Executive Director Karen Carraher. “One of our goals is to earn an average return of 8 percent over the long term. These strong returns surpass that goal, and allow us to continue to be well-funded.”

“OPERS invests for the long-term. This disciplined approach allows us to prepare for the future retirement of our members, and support our existing retirees,” added OPERS Chief Investment Officer John Lane.

OPERS' end-of-year assets of \$88.6 billion were a long way from the Great Recession of 2008, when the system ended that year with \$58.7 billion in assets.

*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.*

*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.*

# Annual statements to begin mailing in mid-March

## New look and feel, more concise information

Your 2013 Personal Statement of Estimated Benefits has a new and improved design. The annual statements have been redesigned to provide you with more streamlined and concise information about your OPERS account. The new layout is designed to work in tandem with the account information available online.

Your annual statement may be condensed, but it still includes your total contributions, account value and service credit totals. Your annual statement also provides a basic estimate of your retirement benefits.

OPERS will begin mailing annual statements in mid-March and will continue mailing statements through April. Don't be concerned if a co-worker receives his statement before you receive yours. Statements will be batched by ZIP codes and mailed to home addresses on a staggered schedule beginning in March.

Want to receive your annual statement sooner? Log in to your online account and select "electronic correspondence" to view your statement online. *You will need to make this selection in order to receive electronic correspondence from OPERS. If you have not already done so, you are encouraged to register for an online account.*

While reviewing your statement, you may notice that your total contributions in 2013 may not be the same as the amount found on your W-2 form. There are two potential reasons for this difference.

First, your statement reflects the salary amount earned in 2013, while the W-2 reflects the amount paid in a given year. Second, your W-2 may include pay that is not subject to OPERS contributions.

If you have a question regarding your contributions as reported to OPERS, please contact your employer.

Your annual statement is full of valuable, personalized information. Please keep it with your important financial records so you can refer to it as needed.

If you misplace your statement or require a duplicate for any reason throughout the year, you can view and print a copy of your 2013 statement through your online account.

● Information on service credit .....  
 ● Account information .....  
 ● Personal information .....

This Personal Statement of Estimated Benefits was prepared especially for:

Jane A Doe  
1234 Anystreet  
Anytown, USA 12345-5432



**Ohio Public Employees Retirement System**  
277 East Town Street  
Columbus, OH 43215-4642  
1-800-222-7377  
www.opers.org

This statement contains important information about your account and the benefits available to you and your beneficiaries as a member of the Ohio Public Employees Retirement System. All information within this statement reflects our records as of December 31, 2013.

Your OPERS Benefits at a Glance - Traditional Pension Plan	
<b>Contributions</b>	
Contributions made during 2013	\$4,250.00
Total contributions as of December 31, 2013	\$30,600.00
Additional Annuity contributions	\$2,200.00
<b>*Account Value</b>	
Account value as of December 31, 2013	\$75,000.00
<b>Service Credit</b>	
Service Credit earned and/or purchased during 2013	1,000 years
Total service credit as of December 31, 2013	17,000 years

\*Please see page 3 for account value details.

**In September 2012, the Ohio General Assembly unanimously approved new pension legislation, Substitute Senate Bill 343, which went into effect Jan. 7, 2013.**

**MAIN COMPONENTS OF SUB. S.B. 343 - Subject to the transition plan described below.**

Age and service retirement eligibility criteria – Increased requirements by two years and added a minimum retirement age of 55 with 32 years of service.

Benefit formula – Increased the number of years to obtain the increased 2.5 percent multiplier from 30 to 35.

Final average salary – Increased the number of years included in the final average salary from highest three to highest five.

Cost of Living Adjustment (COLA) – Modify the annual COLA from a fixed simple 3 percent to the average change in Consumer Price Index (CPI), not to exceed 3 percent. Subject to a five-year transition plan described below.

Age reduction factors for early retirement – Replace those currently set in statute with new as determined by an actuary.

**Transition Plan:**

Group A – Eligible to retire under the current eligibility requirements on or before Jan. 7, 2018 – grandfathered under pre-S.B. 343 law for all major components above except COLA.

Group B – Members who have 20 years of service credit on Jan. 7, 2013, or who are eligible to retire under the pre-S.B. 343 eligibility requirements after Jan. 7, 2018, but on or before Jan. 7, 2023. – Grandfathered under current law for major components above except COLA and age reduction factors; subject to modified age and service retirement eligibility.

Group C – Eligible to retire after Jan. 7, 2023 or members hired on or after Jan. 2013 – Subject to all new plan provisions.

*For more information about pension changes, please visit [www.opers.org](http://www.opers.org). Please see page 2 for more information about your transition group.*

OPERS is pleased to present you with this personalized summary of your account and estimated retirement benefits. Plan benefits are subject to state and federal law changes. This statement simply provides an overview of your estimated benefits and is not a guarantee of the type or amount of your benefits.

## Planning to retire?

### How changes to OPERS health care can impact your retirement decision

If you are considering retirement within the next four years, it's important to be aware of the following changes to the OPERS health care plan and the impact they can have on your decision to retire. The following changes to the OPERS health care plan will go into effect Jan. 1, 2015:

**New eligibility rules:** Members will be required to have at least 20 years of qualifying service and be at least 60 years old to qualify for health care or have 30 years of qualifying service at any age. This means eligible members have until November 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, because the retirement effective date must be no later than Dec. 1, 2014.

**Allowance reduction:** The new allowance table 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. All health plan participants will be receiving new allowances by 2018. Depending on your retirement effective date, you and any covered dependents will transition to new allowances between 2015 and 2018. Some dependents' allowances

are transitioning to \$0 with access to OPERS' health care plan being the only remaining eligibility.

If you intend to retire and become re-employed in an OPERS-covered position, please be aware the health care eligibility rules for re-employed retirees could change in the coming years. Please schedule an appointment to discuss these changes with an OPERS member counselor prior to retiring.

Prior to making a determination about whether retirement is the most beneficial decision for you, we encourage you to utilize our various informational resources.

Take advantage of the various educational offerings we provide including webinars and recorded online presentations.

If you determine retirement is the right decision for you, you can file your retirement application up to **six months** prior to your retirement effective date.

If you'd like more information visit the OPERS website to access the *Retiring from Public Employment: The Combined Plan* leaflet.

## Service credit and health care eligibility

### Rule changes impact which types of service credit count toward health care eligibility

If you are considering retirement please be aware that limited OPERS service credit types count toward your health care eligibility.

These types include:

- Contributing service
- Interrupted military (USERRA)
- Unreported time
- Restored (refunded) service

For joint retirement benefits with other retirement systems, the equivalent types of the other systems'

service credit being transferred to OPERS will count toward your health care eligibility.

As of Jan. 1, 2014, in order to earn full service credit applicable to health care coverage eligibility, an OPERS member must earn a minimum of \$1,000 per month (not prorated).

Visit [www.opers.org](http://www.opers.org) to view a chart detailing the types of service purchases in other retirement systems that may be transferred to OPERS for a joint benefit and if they will count toward your OPERS health care eligibility.

# Educational webinars and recorded online presentations

## **OPERS now offers targeted, educational webinars and recorded presentations tailored to Combined Plan participants.**

To register for a webinar or to view a recorded online presentation, visit [www.opers.org](http://www.opers.org), and click on Seminar Options.

The content of these presentations is consistently updated, so be sure to check the Seminar Options page for the latest and most up-to-date listing of educational offering for Combined Plan participants.

### **Webinars**

**Ready to Retire Pension:** This webinar shows you how to calculate your monthly benefit and apply for retirement and provides details about payment options for your investment account.

**Ready to Retire Health Care:** This webinar provides information about important health care changes that will impact your retirement. It also discusses health care eligibility and how to calculate the monthly premium.

**Managing Your Individual Account:** This webinar provides important information regarding the different investment options, the difference between active and passive management, and how to manage your account online.

### **Recorded online presentations**

**OPERS Pension and Health Care Changes:** This recorded presentation answers important questions about the current pension plan and health care changes and how they apply specifically to you.

**Ready to Retire Pension:** This recorded presentation shows you how to calculate your monthly benefit and apply for retirement and provides details about payment options for your investment account.

**Managing Your Individual Account:** This recorded presentation provides important information regarding the different investment options, the difference between active and passive management, and how to manage your account online.

**Changing Your Investment Options:** This recorded presentation will teach you how to change investment options for your current account balance as well as future contributions.

**Retirement Checklist:** This recorded presentation provides important details of how to prepare for the retirement process.

**Refunding from the Combined Plan:** This recorded presentation provides information regarding the refund process including how to apply for a refund and how to determine the refund amount.

**Viewing Your Online Account and Updating Your Online Account Password:** These recorded presentations will provide you with information on how to update your account password as well as the features and benefits of using your online account.

# U.S. saving rate for retirement shockingly low

## National Institute on Retirement Security reports

Americans are woefully behind in saving for retirement, the National Institute on Retirement Security said in a recent study.

“The Retirement Savings Crisis: Is it Worse Than We Think?” estimates the retirement savings deficit in the United States at \$6.8 trillion to \$14 trillion. NIRS states that the average working household has virtually no retirement savings.

According to NIRS, the average American household has a \$3,000 account balance for retirement. The figure rises to \$12,000 for households that are nearing retirement. NIRS recommends a three-pronged approach to rectify this imbalance:

- Strengthen Social Security.
- Increase low- and middle-wage workers’ access to high-quality, low-cost retirement plans.
- Expand the national “Saver’s Credit,” which could help to increase retirement savings of families who are not receiving steady wage increases.

Although OPERS members do not contribute to Social Security and retirement security is the duty of the OPERS Board, it is still important for you to explore ways to supplement your retirement income. They include the OPERS Additional Annuity Program and participation in the Ohio Public Employees Deferred Compensation Program.

Other NIRS findings include:

- More than 38 million working-age households (45 percent) own no retirement account assets.
- Two-thirds of working households age 55-64, with at least one earner, have retirement savings less than one times their annual income.
- Ninety percent of U.S. households fall short of retirement savings targets based on retirement account balances and defined benefit pension assets combined.
- Access to workplace retirement savings could be expanded by making it easier for private employers to offer defined benefit plans.

The full report can be found at [www.nirsonline.org](http://www.nirsonline.org).

## Your online account - Review your personal contact information and update correspondence preference

As you know, many updates have been made to the OPERS online account system. Please take a moment to review your personal information and correspondence preference in your online account.

All account preferences were reset to “mail” so if you would like to receive OPERS correspondence electronically, you need to actively make that selection.

It is also important to review your personal contact information so you can receive the most up-to-date information from OPERS.

My Account

OPERS Pension & Benefit Information

Help

My Account

\* User ID:

\* Password:

Need an account? [Forgot User ID or Password?](#)

Ohio PERS is pleased to provide our members with enhanced password security in reference to their online account. Due to these security enhancements, all existing online account users with a six-digit numeric PIN will need to follow the prompts to establish a new secure password. To get started, simply click [here](#).

Log In

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# Legislative update

## Tracking state and federal legislation that impacts OPERS

There are several bills and resolutions pending in the Ohio General Assembly that OPERS is monitoring for its members. Among them is House Bill 162, which would add to the list of offenses committed by a public retirement system member that may result in forfeiture of retirement system benefits or the termination of retirement system disability benefits. OPERS provided interested party testimony on H.B. 162 in June 2013 and the bill was voted out of the House, Jan. 22.

There were a series of bills introduced late last year, which are collectively known as the “Data Ohio Initiative” in which OPERS has a direct interest. The sponsors’ purported goals for these bills are to make public information easier to access and search in electronic formats. OPERS has invested heavily in our information technology infrastructure in order to more effectively administer our programs and to facilitate easier access for our members. Therefore, we want to ensure any new standards will not conflict with what we have already established.

Finally, the Ohio General Assembly took action on two concurrent resolutions for which OPERS and the other state retirement systems collaborated. The first was HCR 19, which passed unanimously through both the House and Senate. HCR 19 urges Congress to oppose any federal legislation that would require Ohio’s public employees to participate in Social Security.

OPERS diligently advocates against mandatory Social Security coverage. Ohio’s Congressional delegation has historically been very supportive of Ohio’s public retirement systems, and they remain strong today. As the federal government explores options for strengthening Social Security, mandatory coverage traditionally is placed at the front of the list.

At the December 2013 Ohio Retirement Study Council (ORSC) meeting, the Council voted to unanimously endorse HCR 40, which “acknowledges the Governmental Accounting Standards Board (GASB) standards 67 and 68 and pledges the General Assembly’s continued support of Ohio’s public employers and retirement systems in their mission to provide secure and sustainable retirement, disability and survivor benefits to Ohio’s public employees.”

The resolution urges state and local governments, the general public, the media, and the legislature to fully educate themselves about GASB 67 and 68 so as to “understand the differences between accounting and funding standards as they pertain to Ohio’s public retirement systems.”

This resolution was the first step in OPERS’ legislative outreach plan regarding GASB. In an effort to support HCR 40, for which Executive Director Karen Carraher testified, OPERS will continue its educational efforts so our stakeholders clearly understand the effects of GASB 67 and 68. The main message is,

“OPERS is stronger than ever, and these standards do nothing to affect our financial strength.” HCR 40 unanimously passed the House and was referred to the Senate Insurance and Financial Institutions Committee.

**“OPERS will continue its educational efforts so our stakeholders clearly understand the effects of GASB 67 and 68.”**

OPERS has identified a host of federal bills to which we are paying particular attention, including health care-related legislation, regulatory legislation, and other pension-related legislation. In his State of the Union speech, President Obama remarked that retirement security would be a focus of the administration and directed the Treasury Secretary to begin the creation of a new savings program for Americans.

In addition, staff are reviewing regulations that have been promulgated by the Securities and Exchange Commission and the Commodities Futures Trading Commission, under the Dodd-Frank Act. OPERS is seeking a balance with respect to regulation needed for transparency and accountability, coupled with access to global markets.

As movement on state and federal legislation occurs, [www.opers.org](http://www.opers.org) will be updated with the latest information.



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## 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**  
Vice Chair  
Retired Members

**Heather Link**  
State College and  
University Employees

**Sean Loftus**  
County Employees

**John W. Maurer**  
Retired Members

**Matthew Schulz**  
State Employees

**Cynthia Sledz**  
Chair

Miscellaneous  
Employees

**Ken Thomas**  
Municipal Employees

### Statutory Board Member

**Bob Blair**  
Director, Department  
of Administrative  
Services

### Appointed Board Members

**Frank Ciotola**  
Investment Expert  
Governor Appointee

**Robert Smith**  
Investment Expert  
Treasurer of State  
Appointee

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

**Karen Carraher**  
Executive Director