

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Combined Plan

Health Care Update for Members Approaching Retirement

Effective Dec. 31, 2015, OPERS will no longer offer a group Medicare plan for retirees. Retirees enrolled in Medicare Parts A and B will choose an individual Medicare Advantage or a Medigap (Medicare Supplement) plan and a Medicare Part D prescription drug plan with the help of OneExchange, administrator of the OPERS Medicare Connector. OPERS will provide

eligible retirees with a monthly allowance to use toward the purchase of the plan. The allowance will be deposited monthly into a Health Reimbursement Arrangement.

the OPERS Retiree Health Plan. Prior to turning age 65 you will receive information from OPERS about enrolling in Medicare and an individual plan through the OPERS Medicare Connector.

If you are planning to retire prior to age 65 and participate in the OPERS Retiree Health Plan, you can expect the following as you near age 65 and Medicare eligibility:

- Three months prior to your 65th birthday, you will receive a letter from OPERS reminding you to enroll in Medicare Parts A and B and to mail in proof of your enrollment once complete.
- Three to four months prior to your 65th birthday, you will receive an *Enrollment Guide* from OneExchange.
- A *Getting Reimbursed Guide* will be sent the month of your enrollment date. The guide explains details of the Health Reimbursement Arrangement and how to access and manage funds during the year.

If you are actively employed and approaching your 65th birthday, please contact your employer's human resources or benefits department to learn about their requirements for Medicare enrollment.

The following are guidelines for Medicare/OPERS Health Care enrollment:

If you are planning to retire and are already age 65 or older, make sure you are enrolled in Medicare Parts A and B. OneExchange will contact you regarding the plan enrollment process once OPERS receives your completed retirement application.

If you are planning to retire and are under age 65, you can choose to enroll in

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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

1-800-222-7377

Monday - Friday
8 a.m. to 4:30 p.m.

newsfeedback@opers.org

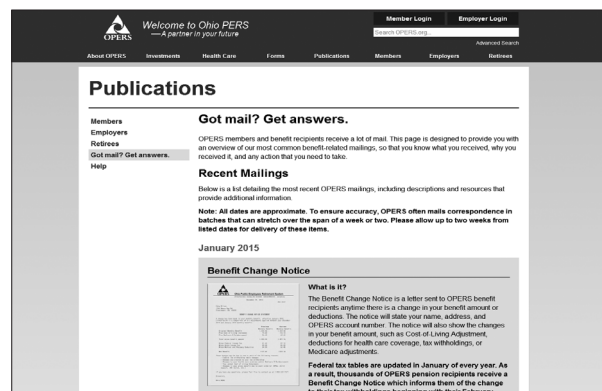
It is your responsibility to be certain that OPERS has your current address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account.

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.

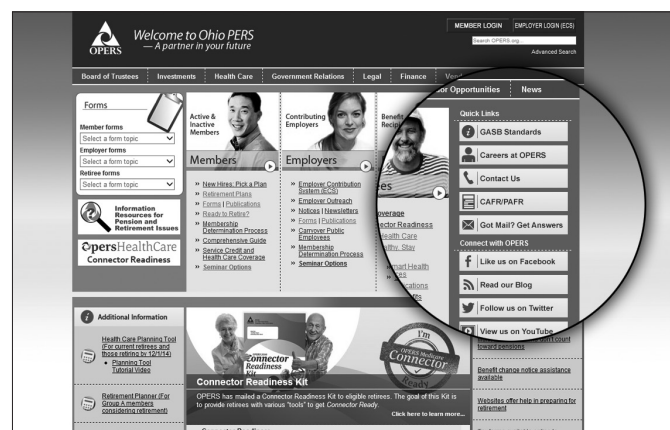
OPERS is not required to provide health care coverage to retirees or their dependents and will only do so at the discretion of the Board of Trustees.

Got Mail? Get Answers.

As an OPERS member, we know you receive a lot of mail. That's why we offer a section of www.opers.org called "Got Mail? Get Answers." This page is designed to provide you with an overview of our most common account-related mailings, so you know what you received, why you received it, and any action that you need to take.



You can view a detailed list of the most recent OPERS mailings, including descriptions and resources that provide additional information. To access this page, simply click on the "Got Mail? Get Answers" quick link located on right side of the opers.org home page.



OPERS will begin mailing annual statements in March and April 2016, so it is important to review your personal information and make sure OPERS has your current address, phone number, e-mail address and correspondence preference. If you need an OPERS online account, go to www.opers.org to register today.

Making Voluntary Contributions to Your OPERS Account

As an active OPERS member, you can supplement your mandatory contributions by making additional contributions to the defined contribution portion of your Combined Plan account and taking part in the Ohio Public Employees Deferred Compensation Program.

Additional Contributions - These contributions will be invested in the OPERS investment options you selected for your individual defined contribution account. These deposits are limited by federal tax law to 100 percent of your annual income from all public employers contributing to OPERS, or to \$53,000, whichever is less.

In addition to voluntary after-tax deposits, other retirement accounts you have may be rolled over to your individual defined contribution account. For example, retirement savings held in a Traditional IRA, SEP, SIMPLE, Section 401(k), Keogh, or Section 401(a) retirement plan may be rolled over at any time with no maximum deposit limits. Section 403(b) or Section 457(b) accounts also may be rolled in subject to certain limits. These funds will retain their tax-deferred status as long as they remain with OPERS.

If you would like to make a deposit by personal check, money order or cashier's check into your individual defined contribution account, please complete the Voluntary

Deposit Form for Combined Plan Participants (VOL-CO). To roll over eligible retirement accounts, in addition to the Voluntary Deposit form, complete and submit any transfer or rollover distribution form(s) required to your current plan administrator. The form is available at www.opers.org in the Member Forms section. Deposits made or postmarked by Dec. 31, 2015 will count for 2015.

For more information, visit www.opers.org to view our Saving for Retirement leaflet.

Ohio Deferred Compensation - Ohio DC provides a tax-deferred, supplemental retirement income plan. The assets in your account, including any earnings, will have the opportunity to grow tax-deferred until you decide to withdraw them—usually in retirement. Withdrawals will be taxed as ordinary income. Remember, there are no guarantees. Investing involves risk and your account is subject to gains and losses. You may also take advantage of rolling your Traditional IRA, 401(k), 401(a), or 403(b) account into the Program. You may choose from a variety of investment options, including a stable value option, mutual funds, and professionally managed asset allocation portfolios to simplify investing.

Visit www.Ohio457.org or call 1-877-644-6457 to enroll, check yearly deferral limits, or to get more information.

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.

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Treasurer of State
Appointee

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Investment Expert
General Assembly
Appointee

Karen Carraher
Executive Director

Legislative Update

OPERS monitoring state and federal issues

Federal Legislative Update

OPERS has been advocating in Washington for a repeal or an exemption from **the excise tax, or “Cadillac tax,”** that was included as part of the Affordable Care Act (ACA).

The Cadillac tax is scheduled to begin in 2018. It is a 40 percent excise tax that would be imposed on OPERS and other plan sponsors when the total premium cost of a health care plan exceeds \$10,200 for re-employed retirees and retirees under 55. The threshold is \$11,850 for retirees 55 and older who are not re-employed.

OPERS’ current plan costs \$11,500. With the rising cost of health care, we would be subject to \$25 million in taxes the first year if we retained the same benefits we have now. A recent study showed that nearly half of employers would be at the thresholds in 2018 and that 80 percent of employers would reach them by 2023. Health care plans such as ours could not afford to pay this tax and thus would shift more costs to retirees. OPERS has moderately increased out-of-pocket expenses, including deductibles and copays, for 2016 in anticipation of the excise tax.

In addition, we are concerned about the timing of the excise tax and the changes that we may have to make to our plan as a result. And, as you know, the tax comes at a time when our system has already made significant changes to our health care plan design to bolster health care fund solvency.

OPERS staff has met with congressional staff to urge our Ohio delegation to support repeal or exemption from the excise tax. We have developed informational materials outlining our position and detailing options for Congress to consider. In addition, OPERS has submitted comment letters to the IRS in response to their notices seeking guidance on excise tax implementation.

Members of Congress, including Ohio Senator Sherrod Brown, have introduced multiple ACA excise tax repeal bills, but we need your support to get them moving.

Please consider contacting federal legislators and the White House now to encourage them to repeal the Cadillac tax. Congress has introduced several bills that would do so, and your action is needed to raise the issue to a priority level. The OPERS website contains a sample letter that you can cut and paste into an e-mail. We ask that you send it, or your own message, to:

- President Obama
- House Speaker Paul Ryan
- House Minority Leader Nancy Pelosi
- Senate Majority Leader Mitch McConnell
- Senate Minority Leader Harry Reid

Members of the Ohio Congressional delegation have been supportive of our efforts. We’d ask that you thank them for their actions. You can find

a link to their names and e-mail addresses on www.opers.org. Your action will show that OPERS members are serious about removing this excise tax from the Affordable Care Act and to keep affordable health care coverage a realistic goal.

OPERS lobbied hard for Congress to address a **potential Medicare Part B premium increase** that could have had a significant impact on our retirees. A fix included in the recent budget deal approved by Congress and signed into law included language to mitigate an expected 52 percent rise in premiums starting next year.

Currently the monthly Part B premium rate for 2015 is \$104.90. The Social Security Administration recently announced that, as a result of low inflation, Social Security recipients will not receive an annual cost-of-living-adjustment (COLA) next year. For approximately 70 percent of Medicare recipients, the fact that they will not receive a COLA adjustment in 2016 also means that their Medicare Part B premiums will not increase.

The remaining 30 percent of Medicare recipients, including OPERS retirees who do not receive Social Security benefits, were on track to pay the full cost of the 2016 premium increase. As projected by Medicare, these individuals would have seen their premiums increase from \$104.90 to \$159.30 per month. Since this problem came to light, OPERS staff advocated against the planned premium

(continued on page 5)

Legislative update *(continued)*

increase. At the end of October Congress reached a budget agreement that includes language to avoid the 52 percent increase for our members. Per the budget agreement, Social Security recipients will be “held harmless” at \$104.90 in 2016. For most beneficiaries who are not held harmless, premiums will rise to \$121.80, which includes a \$3 surcharge to make up for the lost revenue to the Medicare Trust Fund as a result of lower premiums. This surcharge is expected to last five years.

OPERS believes this agreement is a step in the right direction. The Part B premium has not increased for several years. While the \$121.80 monthly amount is an increase over current Medicare Part B rates, it is far better than the expected 52 percent increase our Medicare eligible retirees would experience if no congressional action were taken.

State Legislative Update

The Ohio General Assembly will soon wrap up their work for the year as only a handful of session days remain. OPERS Government Relations continues to meet with legislators and staff to discuss bills that could impact OPERS and our members, as well as any pending legislative issues in the first half of 2016. OPERS Government Relations also provides legislators with updates on the implementation of the OPERS Medicare Connector. State legislation we continue to monitor includes topics such as: health care reforms and mandates, public expenditure transparency, privatization, forfeiture of public pensions and mitigating rate reform.

For more information and to view a complete list of the bills OPERS is actively monitoring, visit opers.org.

Educational Webinars and Recorded Online Presentations - OPERS offers targeted, educational webinars tailored to Combined Plan participants. Recorded online presentations can be viewed at any time and registration is not required. These presentations cover topics ranging from re-employment and refunding your account, to disability benefits and investment options. To register for a webinar or to view a recorded presentation, visit www.opers.org, and click on Educational Opportunities.

Changes to the Combined Plan Fee Structure in 2016

Changes to the administrative fee structure of the Member-Directed and Combined Plans will go into effect in 2016. Beginning Jan. 1, 2016, the 0.1 percent fee deducted from all incoming member contributions will be eliminated and all Member-Directed and Combined Plan participants will be charged a monthly flat fee of \$5. This administrative fee will also replace the current inactive fee structure which is a monthly fee ranging from \$2 to \$6 for accounts with balances less than \$5,000. All inactive members will be assessed the \$5 monthly flat fee, regardless of account balance.

The mitigating rate will also increase incrementally beginning Jan. 1, 2016. The rate will increase to 1 percent Jan. 1, 2016, to 1.5 percent Jan. 1, 2017 and to 2 percent Jan. 1, 2018.

For more information on the changes coming to the Member-Directed and Combined Plans, visit www.opers.org to view a chart outlining the changes, or refer to your spring 2015 *Ohio PERS News*.

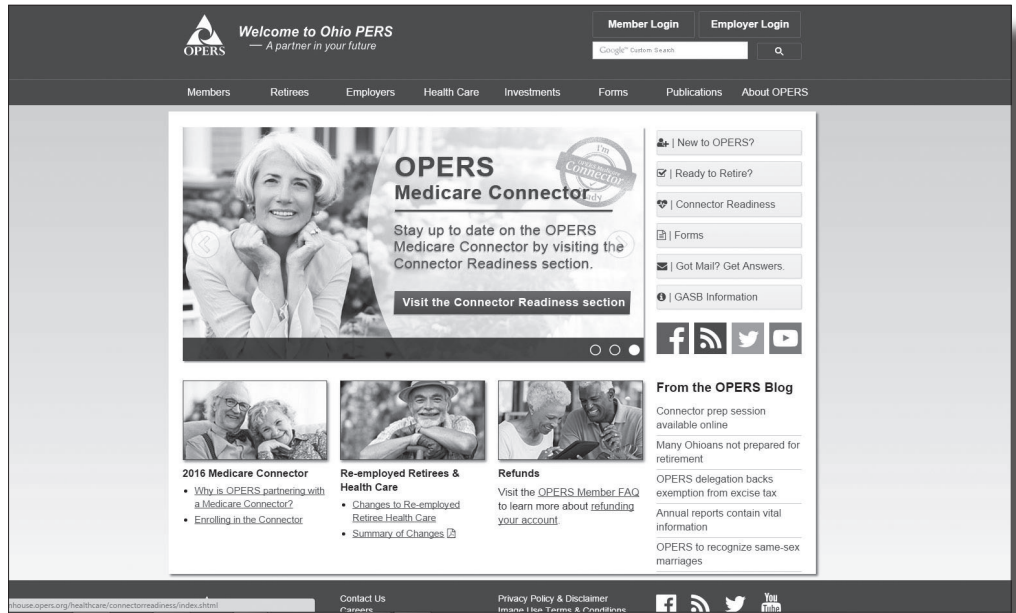
Coming Soon: OPERS Website Redesign

The OPERS website is a wealth of information and resources. To bring you a better user experience, the website will soon have a new, modern design. Redesigning the OPERS website is also an opportunity to organize new and existing content on the home page and give it a cleaner, more appealing appearance. This will make it much easier to find what you're looking for, whether it's news, member publications or specific information about your retirement plan.

The main focal point will be a large section at the top of the home page with changing images; commonly referred to as an **image slider**. The slider will display current, significant information and direct you to other pages of the website for specific details.

To the right of the image slider will be **Quick Links** which will direct you to other pages of the website, such as the Connector Readiness page, and "Got Mail? Get Answers." There will also be links to the OPERS **social media channels** including Facebook, the *PERSpective* blog, Twitter and YouTube. Directly below the slider you will find several **featured articles** covering topics that may have a large impact on OPERS members.

The new look will also incorporate a **responsive design**. The responsive design will automatically organize information to fit the screens of multiple electronic devices. This will ensure viewable access to all our content - from your phone, tablet or laptop computer!



Be sure to visit **www.opers.org** in the coming weeks to check out the redesigned home page, and visit the website often for the most up-to-date news and information from OPERS.

Notice for Elected Officials

Reminder for OPERS members serving as elected officials: If you receive an in-term pay increase but are denied a higher salary, you can still contribute to OPERS on the higher amount (but it must be done during the period the salary would have been received).

Per Ohio Revised Code 145.2916, elected officials whose salary is increased during a term of office and who are denied receiving the additional salary by reason of constitutional provision may make additional contributions. The additional contributions will be based on the amount the official would have contributed had the salary increase been received.

The additional contributions will increase the official's earnable salary and, depending on the amount of the official's salary, the additional contributions may increase the official's service credit from part-time to full-time.

The 2012 pension redesign bill, Sub. Senate Bill 343, amended this provision to require that the official pay both the employee and employer contributions on the additional salary and restricted this payment to the period of the denied salary.

Elected officials who wish to take advantage of this opportunity must begin making additional contributions at the point that the increased salary is denied. (Since July 7, 2013, elected officials can no longer just make the payment at any time prior to retirement.)

For example, Township Trustees will receive an increase in their salary beginning Jan. 1, 2016; if they are denied that increase and wish to make additional contributions, they must have notified their employer (who will then notify OPERS and complete the requisite forms) of that fact by Jan. 1, 2016. If they begin making additional contributions later than Jan. 1, 2016, they may only contribute on the

higher salary going forward; they cannot go back and contribute on previous months. The rationale is that contributions on this "denied salary" should be remitted at the same time as the member's regular contributions to avoid any long-term subsidization of this option.

Additionally, in-term pay increases do not count toward health care service credit and cannot be included in earnable salary to make an elected official eligible to purchase 35 percent additional credit for the term during which the pay increase occurred.

If you are an elected official and wish to take advantage of this opportunity, visit the Member Forms section of www.opers.org to complete the *Certification of Denied In-Term Salary Increase* (CSH-6) form.

You must also contact your employer who will then contact OPERS and complete the appropriate employer forms.

OPERS Target 2015 Fund Closed Dec. 4, 2015

The OPERS Target 2015 Fund has reached maturity and was removed. If you had a balance in the OPERS Target 2015 Fund, it was moved to the OPERS Target Payout Fund Dec. 4, 2015. Any current contributions allocated to the OPERS Target 2015 Fund will now be allocated to the OPERS Target Payout Fund unless you elect to direct them differently. If you do not want your balances left in the Target Payout Fund, you can transfer your balance to other OPERS investment options. More information about the OPERS Target Payout Fund and other investment options can be found at www.opers.org. You can also call the OPERS Help Line at 1-866-673-7748.



Ohio Public Employees
Retirement System

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Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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Coming Soon!

Your OPERS member newsletter will have a new look in 2016.

