

Ohio PERS NEWS

YOUR BENEFIT CONNECTION

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

Member-Directed Plan

OPERS Recognizing Same-Sex Marriages

OPERS will recognize same-sex marriages in accordance with the recent U.S. Supreme Court ruling stating that all couples have a constitutional right to marry. On June 26, the court decision in *Obergefell v. Hodges* held that the 14th Amendment requires the state “to recognize a marriage between two people

of the same sex when their marriage was lawfully licensed and performed out-of-state.” The decision will impact several features of OPERS’ pension benefits and health care coverage.

of the *Obergefell* decision. Those who legally terminate a same-sex marriage may remove the former spouse from the joint- or multiple-life annuity with spousal consent or court order. A retiree receiving a single-life annuity may designate one or more beneficiaries to receive the remainder of the account (not a survivor benefit) at any time.

Beneficiary designation of Member-Directed Plan participants

Member-Directed Plan participants can choose their account beneficiaries either by designation or by automatic succession. (Under automatic succession, a participant’s beneficiary is determined in the following order upon death: surviving spouse, children, dependent parents, parents or the member’s estate.)

Certain life events, such as marriage and divorce, void specific beneficiary designations that had been made in the past. This will hold true of same-sex marriages in the future. If a new designation is not submitted to us after a marriage, divorce, dissolution, legal separation or the birth or adoption of a child, the beneficiary will be determined by automatic succession.

This instance of voiding specified beneficiaries not only is true for any

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Here is a look at some of the highlights:

Retiree annuity

Retirees may add an existing spouse to a single-life annuity, switching to a joint-life annuity with the spouse as beneficiary, in a specified amount from 10 percent to 100 percent. This change can be made for one calendar year following the marriage. Retirees may add an existing spouse to a multiple-life annuity if there are not already four designated beneficiaries.

The retiree may add an impacted spouse to the retirement annuity any time during the year following the date



Same-sex marriages *(continued)*

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.

future marriages, but also for previous same-sex marriages that occurred prior to the Supreme Court ruling and after the member specifically designated a beneficiary. Upon the death of a Member-Directed Plan participant, a lump-sum distribution of the participant's vested account is available.

OPERS is updating its systems to accommodate the Supreme Court ruling. If you encounter difficulties when trying to make changes through your online account, call Member Services at 1-800-222-7377.

Changes Coming to Member-Directed Plan in 2016

OPERS staff conducted a review of the Member-Directed and Combined Plans and as a result the following changes 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 and 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.

OPERS will reduce the amount of the employer contribution credited to the Member-Directed Retiree Medical Account from 4.5 percent to 4.0 percent beginning Jan. 1, 2016. OPERS will also be changing how we determine the interest rate credited to the Member-Directed RMA accounts.

For complete information, visit www.opers.org to view a chart outlining the changes, or refer to your spring 2015 *Ohio PERS News*.

Legislative Update

OPERS monitoring state and federal issues

State Legislative Update - The General Assembly wrapped up the state biennial budget (H.B. 64) deliberations the week of June 22. After a brief conference committee to iron out differences between the two chambers, the Ohio Senate approved the H.B. 64 conference committee report by a vote of 23-9. The House followed suit by a vote of 61-34. Governor John Kasich signed the fiscal year 2016-2017 biennial budget on the last day of the fiscal year, June 30. Though the effects on OPERS were minimal, the 2,800-plus page bill contains a few provisions of note for OPERS:

- Places rate caps on the Alternative Retirement Plan mitigating rate at the current rates: OPERS (0.77 percent), STRS (4.5 percent) and SERS (6 percent). **This does not impact the OPERS Board of Trustees ability to change the mitigating rate for the OPERS Member-Directed or Combined plans.**
- Increases the compensation for Township Trustees by 5 percent in 2016 and 2017, which will trigger an equivalent increase the following years in OPERS' minimum earnable salary required to earn a full month's service credit. The current minimum earnable salary is set at \$600 per month.
- Eliminates the requirement that each state public retirement system board annually submit to the Ohio Retirement Study Council the Ohio-Qualified Agents and minority business enterprises and Ohio-Qualified investment managers.

The Senate version of the budget also included language that would require OPERS, OP&F, SERS and Highway Patrol Retirement System to report to the Administrator of BWC when they grant a disability benefit upon determining

that a member's post-traumatic stress disorder without accompanying physical injury, qualifies that member for a disability benefit. This provision was removed from the final budget bill in conference committee.

Federal Legislative Update - Sen. Sherrod Brown introduced legislation (S.1651) June 23, to repeal the Government Pension Offset and Windfall Elimination Provision. OPERS staff have reached out to Sen. Brown's office to discuss his legislation.

U.S. Rep. Kevin Brady's Equal Treatment of Public Servants Act of 2015, H.R. 711, continues to progress slowly. Under current federal law the WEP and GPO impact certain public employees, like those in Ohio, who have work experience in both the public and private sector. WEP and GPO require a reduction of monthly Social Security benefits for those individuals because they are eligible to receive a separate public pension from a state or local retirement system. The WEP applies to Social Security benefits earned based on an individual's own work record, while GPO applies to Social Security benefits earned as a result of a spouse's work record.

The OPERS Board of Trustees supports passage of H.R. 711, which would modify the current WEP formula, reducing the negative impact for many of those OPERS members who have worked in both the public and private sector during their careers.

For more information on these bills and to view a complete list of the current bills OPERS is actively monitoring for its members, visit the Government Relations page at www.opers.org

Changing Your OPERS Retirement Plan

New rules that went into effect July 1, 2015, allow eligible members to make **only one** plan change at any time during their career, instead of three changes during specified times during their career. This plan change is irrevocable. All eligible members will have an opportunity to make one plan change no matter how many times they've changed plans prior to July 1, 2015. For more information refer to the "Changing Your Retirement Plan for Members in the Member-Directed Plan" leaflet available at www.opers.org under Member Publications. If you are seriously considering a plan change, log into your OPERS online account or call 1-800-222-7377 to schedule a plan change counseling session.



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Comprehensive Annual Financial Report Available Online - The OPERS Comprehensive Annual Financial Report (CAFR) for the year ended Dec. 31, 2014, is available to view and print from our website, www.opers.org. The CAFR details important financial, investment, actuarial and statistical information about our system. A Summary Annual Financial Report, or PAFR, is also available online and provides a condensed snapshot of our fiduciary net assets, investment returns, member demographics, benefit amounts and other related data. To view the reports, click the CAFR/PAFR icon on the opers.org home 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.

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