

## OPERS considers changes to cost-of-living adjustment

OPERS is considering changes to the cost-of-living adjustment (COLA). Options are being evaluated and retirees are being surveyed. No action has been taken at this time.

OPERS is in a strong financial position because we are proactive in making changes to ensure our long term stability. That is why staff has begun to gather feedback from retirees about potential changes to the COLA.

The pension changes enacted in 2013 with Senate Bill 343 were largely designed to address the issue of members living longer. However, those pension changes impacted only active members. The changes included requiring members to work longer, modifying the benefit formula, having their benefits actuarially reduced if they retire early, paying the actual cost for service credit, and many others. Couple these changes with the higher contribution rates that current members pay compared to many retirees, these changes reduced our unfunded liability.

These recent pension changes did not impact retirees' pension benefits. COLAs were established to reduce the effects of inflation, not to fully offset inflation. Since the inception of the COLA in 1970 at a 1.5 percent rate, the COLA has been modified over time to its current form. However, due to low inflationary times, the COLA has outpaced inflation 60 percent of the time in the last 30 years.

The combination of retirees living longer and the COLA exceeding inflation has caused us to re-evaluate the COLA.

OPERS is not the only system to consider COLA changes in recent years. More than 25 other systems have reduced COLAs. Most of Ohio's other retirement systems have already made changes to reduce or suspend COLAs. The COLA predates the existence of OPERS health care coverage and this has never been associated with health care inflation.

While many options have been evaluated, the current options under consideration include:

### Option 1

**(a)** Modify the fixed 3 percent COLA for current retirees to a COLA based on the percent increase in the Consumer Price Index (CPI) up to 3 percent. For example, if the CPI was 2.3 percent, that is the amount the COLA would be. This change alone offers an estimated \$1.6 billion in savings to OPERS.

**(b)** Modify current retiree COLA calculation to CPI not to exceed 3 percent, plus an ad hoc increase to the benefits of retirees who are under 85 percent of their purchasing power. For example, a person who retired in 1979 would receive a monthly ad-hoc increase of \$395 to reach 85 percent purchasing power. Estimated savings: \$1.57 billion.

### Option 2

Adopt option 1(a) or (b) and freeze all COLAs for a period of one to five years. Estimated savings are as follows:

Options	Savings
1 + no COLA 2019 (1 year freeze)	\$2.6B
1 + no COLA 2019 – 2020 (2 year)	\$4.0B
1 + no COLA 2019 – 2021 (3 year)	\$5.3B
1 + no COLA 2019 – 2022 (4 year)	\$6.5B
1 + no COLA 2019 – 2023 (5 year)	\$7.6B

### Option 3

The Board may also consider changing the 3 percent cap to a lower number, such as 2.5 percent, 2.0 percent or 1.5 percent. Estimated savings: \$6.32 billion for a 1.5 percent cap, \$4.41 billion for a 2 percent cap and \$2.89 billion for a 2.5 percent cap.

*OPERS continues to gather retiree and stakeholder feedback. A survey has been mailed to all retirees to solicit feedback on different COLA options. A video and other information is also available at [www.opers.org/cola](http://www.opers.org/cola)*

# Retiree experience with OneExchange is greatly improved

Thank you for your feedback. OPERS and OneExchange have been listening, making changes and working hard to better your experience using the OPERS Medicare Connector and Health Reimbursement Arrangement (HRA) allowance. That work has paid off.

However, much of the credit for these improvements goes to you. OPERS' retirees have fully embraced this new concept and have used the tools provided to learn how to successfully navigate the HRA reimbursement system. The transition to using an HRA to receive reimbursements wasn't always easy and you let us know that. The good news is we heard your concerns and acted on them. As a result, the level of use has dramatically increased and the number of user concerns has decreased.

What has changed? In response to retiree feedback, OneExchange has taken a number of steps to improve customer service, including:

- Creating a dedicated call center team trained on OPERS-specific procedures and expectations; this team is made up of experienced call center personnel and is ready to answer your HRA questions.
- Improving processes for dealing with complex issues.
- Updating HRA denial codes. If you receive notification that your HRA claim has been denied, a clearer explanation with steps for resubmission is now provided.
- OPERS and OneExchange have also teamed up to produce seminars, videos and guides that explain how to use and get the most out of your HRA.

And we're not finished yet. We continue to work closely with OneExchange designing processes, communications and tools to further improve and simplify the way OPERS retirees interact with OneExchange and receive reimbursements. Please continue to let us know if you have a concern or encounter a problem. Thank you for your patience and your commitment to getting the most out of your HRA.

## How are we doing?



The number of calls made to OneExchange are **down 77 percent** since the first quarter of 2016, and calls are being answered in a fraction of the time it used to take.



Participants are submitting and being reimbursed for their health care expenses – more than **1 million claims were paid** during the first three months of 2017, which is double from the same time period in 2016.



**More than 120,000 OPERS retirees** now have an HRA with OneExchange. This is a 10 percent increase from when the program started in January 2016.

## OPERS News

OPERS News is a quarterly newsletter providing news and information to retired members of the Ohio Public Employees Retirement System. This publication allows us to communicate vital information concerning retirement benefits to our members.

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 federal or state law, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code or Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney.

### Contact information:

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1-800-222-7377  
Monday - Friday  
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## OPERS Board of Trustees

For more information on the OPERS Board of Trustees, visit [www.opers.org](http://www.opers.org).

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# New financial reports released

OPERS CAFR, PAFR illustrate dedication of system to its members

OPERS is dedicated to providing secure retirement benefits for our members, and that dedication is the theme of this year's annual financial reports.

We've recently published the 2016 Comprehensive Annual Financial Report (CAFR) and the abbreviated Popular Annual Financial Report (PAFR), and both are available on [opers.org](http://opers.org) under the Financial tab. They contain important financial,

investment, actuarial and statistical information about your retirement system as of the end of last year.

The PAFR also is available as an interactive Web page on the OPERS website. The "Dedication" theme captures the efforts of our Board of Trustees and staff as they work to help members become financially secure in retirement. We attend to this task daily to remain your trusted retirement partner.



## Legislative Update

The OPERS Government Relations Team has been monitoring efforts in Congress to repeal and replace the Affordable Care Act. Our advocacy has been focused on encouraging Congress to eliminate the excise tax (also known as the "Cadillac Tax") and other ways to improve our health plan. Left unchanged, the tax will become effective in 2020, which will result in additional health

care costs shifted onto retirees under age 65. Although the health care reform effort in Washington has stalled for now, OPERS continues to meet and educate congressional staff and the Ohio delegation about the challenges faced by our system to continue providing affordable health care coverage to our eligible retiree population.

## 2017 OPERS Board of Trustees Election

Retirees will elect one representative to serve on both OPERS and Ohio Deferred Compensation Boards of Trustees this year.

Elections for two seats on the OPERS and Ohio Deferred Compensation Boards of Trustees will be held this year. One of the seats represents retirees and the other represents county employees. A third seat representing miscellaneous employees will not require an election because only one candidate completed the nomination requirements. Those elected will serve four-year terms beginning Jan. 1, 2018.

**Voting information** - A ballot was mailed to your home in late August. All votes must be received by midnight, [Friday, Sept. 29, 2017](#). The election count is scheduled for [Monday, Oct. 2, 2017](#), and the final results will be certified by the office of the Ohio Secretary of State.

Your retirement and your representation on the OPERS Board are important, so please be an active participant in the election process and cast your vote.







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Third quarter 2017

# OPERSNEWS

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

**OPERS considers  
changes to  
cost-of-living  
adjustment.  
See inside for an  
update and to  
read about the  
options being  
discussed.**

