

OPERS Board of Trustees approves COLA changes

The Ohio Public Employees Retirement System Board of Trustees is responsible for the administration and management of your pension plan. As the System's governing body, the Board has been entrusted to act in the best interests of all OPERS members.

As fiduciaries to all members and retirees, one of the Board's duties is to assure that the plan is well funded. OPERS must adapt to a variety of issues as time passes, such as volatile financial markets and the changing demographics of members.

After much deliberation, which included seeking feedback of current retirees and stakeholders, the Board has endorsed a series of recommendations to adjust the cost-of-living allowance, or COLA, in order to help preserve the System for generations to come. These changes, anticipated to take effect in 2019, would affect current and future retirees.

The recommendations, which require legislative approval by the Ohio General Assembly to implement, include:

1. *Tying the COLA to the CPI:* Beginning in 2019, all future COLAs will be based on the U.S. Consumer Price Index, capped at 2.25 percent. That means the maximum COLA to be granted will be 2.25 percent, even if inflation during the measurement period exceeds that amount.
2. *Delaying implementation for some retirees:* The new COLA formula will be delayed two years for OPERS members who retired from 2010 through 2012. This provision was included based upon feedback from our recent survey of OPERS retirees.
3. *Delaying initial COLAs for future retirees:* The first COLA will be delayed for future retirees until their second pension anniversary.
4. *Restoring purchasing power:* OPERS will provide a one-time pension adjustment to restore 85 percent purchasing power for those retirees whose purchasing power is less than 85 percent.
5. *Including funding triggers:* Should OPERS' required time to pay off unfunded liabilities top 30 years, the COLA will be frozen for the next calendar year. In the event inflation exceeds 3 percent for an extended period of time, the Board could increase the COLA to 3 percent if OPERS funding is strong.

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OPERS Board of Trustees approves COLA changes (continued)

OPERS would like to thank the thousands of retirees who responded to a survey on the COLA issue. More than 76,000 replies were received. Although we recognize members and retirees prefer no change, the feedback indicated most retirees preferred a cap on future COLAs rather than a freeze.

Making these adjustments to the COLA will reduce our unfunded liabilities by approximately \$4 billion, helping to sustain the System. OPERS staff will continue to update you on the progress of this proposal as the process moves forward. Please visit opers.org/cola for the latest updates, videos and answers to Frequently Asked Questions.

Thank you for your understanding, and be assured that the OPERS Board of Trustees is devoted to providing a secure retirement for all members.

