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CHAPTER 68

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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DISCLAIMER

The information provided and/or reproduced below is for your convenience. You should not rely on this information when making decisions regarding your OPERS account or retirement benefit. If you have questions, or require further clarification on an issue or issues discussed below, please visit the OPERS website (www.opers.org) or call 1-800-222-7377 and ask to speak with a member counselor.

68.01 INTRODUCTION

One of the significant advantages of public and county employment in Ohio is the fact that Ohio has strong public employee retirement systems. In Ohio there are five public retirement systems including the State Teachers Retirement System (STRS), established in 1920; the Public Employees Retirement System (OPERS), created in 1935; the School Employees Retirement System (SERS), formed in 1937; and the Highway Patrol Retirement System (HPRS), established in 1941. Ohio's final public employee pension system is the Police and Fire Pension Fund (PFDF), which dates from 1967, and was a consolidation of hundreds of local police and fire pension funds, many of which faced financial disaster.

OPERS has assets of over $81.4 billion (as of FY 12) and serves over one million members, including retirees, beneficiaries, active members, and inactive members. Additionally, the system is authorized to provide comprehensive medical coverage to retired members and their families, at the board's discretion. Ohio's pension systems operate in lieu of Social Security coverage for Ohio's public employees.

All county employees and most elected officials participate in OPERS. The tradition of a secure retirement provided by OPERS is a powerful recruiting and retention tool for Ohio's public employers, including counties. OPERS is a strong pension system with significant funding, a strong Board of Trustees, dedicated staff, and sustainable investment policies. Specifically, OPERS meets the 30-year timeframe required for paying off pension liabilities, as specified in Ohio law, and is more than 77 percent funded (FY 12) to meet future pension liabilities. On the health care front, the System has 11 years' solvency (FY 11) (pre-funded) to meet future liabilities.

Yet, significant modifications to pension benefits and retiree health care were adopted in the Fall of 2012. The 129th Ohio General Assembly enacted Substitute Senate Bill 343 (SB 343) which contained many provisions, including the following:

1. Changes the retirement and disability benefit eligibility criteria.

2. Changes the pension benefit formula (i.e., changes final average salary formula, institutes an anti-spiking cap, etc.).

3. Increases the cost of purchasing service credit to better reflect the actuarial cost to the System.

4. Increases the monthly salary of an individual to earn full-time credit for pension purposes.

Table 68-2 compares the law prior to Pension Reform (SB 343) and the current law today.

In addition, the OPERS Board adopted retiree health care revisions in the Fall of 2012. Although health care is neither mandated by law nor is it guaranteed, the OPERS Board is actively working to preserve access to meaningful health care coverage for future generations of OPERS retirees—to the extent that such coverage is fiscally prudent. The OPERS Board action includes the following:

1. Changes age and service requirements to receive retiree health benefits.

2. Eliminates spousal and changes dependent health coverage.

3. Changes the type of service credit that counts towards health care eligibility after January 1, 2014, for non-retired members.

4. Provides that beginning January 1, 2014, contributing service credit for health care will be accumulated only if the individual earns at least $1,000 a month. Unlike pension benefit credit that is prorated if an individual earns less than the benchmark amount, health care eligibility based on earnable salary will not be

prorated. (Note: Credit earned prior to January 2014, will not be affected by this change.)

Table 68-3 outlines health care changes adopted by the OPERS Board.

68.02 THE OPERS BOARD

The Ohio Public Employees Retirement System (OPERS) is administered by an 11 member board: one member appointed by the State Treasurer that has investment experience; the director of the Department of Administrative Services; two retirant members; two members (appointed by the General Assembly and the Governor, respectively) who have investment expertise; and five members who represent the various employee interest groups. These employee representatives are elected by each of the respective groups: state employees; county employees; municipal employees; university or college employees; and employees representing the remaining miscellaneous employers.

For further details on the appointment and election process, see ORC Sections 145.04 – 145.06.

68.03 ELECTED OFFICIAL MEMBERSHIP

Membership in OPERS is optional for service as an elected official, however, non-members must then contribute to Social Security. Elected officials who wish to join must file an application for membership and a personal history record. Both forms are available from OPERS.

68.04 OTHER MEMBERS AND EXCLUSIONS

All employees who are paid in whole or in part by the state, a county, municipality or any other political subdivision of Ohio are members of OPERS (ORC 145.01) with the following exceptions:

1. Employees in positions covered by the State Teachers Retirement System, the School Employees Retirement System, the Police and Firemen's Disability and Pension Fund, the State Highway Patrol Retirement System, or the Cincinnati Retirement System.

2. Students working for a public school, college, or university they are attending may be exempt from contributing to OPERS by filing a request for exemption within the first month of employment.

3. Inmates of state correctional and penal institutions.

4. Patients in hospitals operated by the departments of mental health or developmental disabilities.

5. Patients in the Ohio Veterans' Home and residents of county homes.

6. Elected officials of public employers which are not covered by OPERS (i.e., Section 68.02).

7. Employees of temporary help services who perform services for public employers.

8. Individuals serving on a temporary basis in case of fire, storm, earthquake, flood, or similar emergency.

9. Persons employed under the federal job training partnership act.

10. Employees of private contractors except public employees transferred with previously publicly-operated functions and performing the same duties as before.

11. Individuals performing services under a contract as an independent contractor. *

12. Election workers who earn less than $500 per calendar year.

13. Firefighters hired on or after August 3, 1992 and those who were members before that date and did not elect to remain members. (ORC 145.012 and 145.02)

14. Full-time faculty and administrative staff employees in the unclassified civil service of state colleges/universities who choose to participate in an ARP.

* = Ohio law (ORC 145.037), which governs the service credit eligibility of independent contractors, creates a specific window for independent contractors who may wish to claim OPERS membership. In most cases, independent contractors do not earn membership in OPERS. However, in some cases OPERS members are mistakenly classified as contractors. These employees have the opportunity to ask OPERS for a determination of membership and in some cases can claim unreported service time.

The new pension law (SB 343) coupled with changes made in the recent state biennial budget bill (HB 59) in 2013, provides a bifurcated process for individuals to seek membership determination from OPERS, based on an individual's service. Specifically, for service on or before January 7, 2013, OPERS is to notify individuals of the right to a determination by publishing a notice in at least eight newspapers in Ohio and posting the notice on the OPERS web site. Such action is to occur not later than 60 days after the effective date of HB 59. Determinations can be sought thru August 7, 2014. The new law requires OPERS to deny a member determination request received after the effective date of HB 59 if the individual has had at least 10 years of OPERS contributing service.

In regards to determination requests for service earned on or after January 7, 2013, an individual can submit a request to OPERS within five years of when the service began, unless the individual demonstrates to OPERS through medical records that at the time the five-year period ended the individual was physically or mentally incapacitated and unable to request a determination.

The law also requires a contract with a public employer to receive personal services from a business entity to specify that all individuals employed by the entity that provide personal services to the public employer are not public employees for purposes of OPERS membership. In addition, the law requires public employers to retain for five years the written acknowledgement and transmit a copy of it to the public entity responsible for submitting reports of required contributions to OPERS, which would be the county auditor for the various county offices and departments. For more information, please contact OPERS Employer Outreach at 888-400-0965.

68.05 EMPLOYMENT NOTIFICATION

As of 2005, all state and local government employers must notify individuals prior to their hiring of the possible impact their employment may have on their Social Security benefits, if they are eligible to receive Social Security benefits.

Specifically, the employer is required to have an “employee-to-be” sign a notification form, Statement Concerning Your Employment in a Job Not Covered by Social Security (Form SSA-1945), acknowledging they are aware of a possible reduction in their future Social Security benefits under the Social Security Windfall Elimination Provision as well as the Government Pension Offset Provision. The form, SSA-1945, may be obtained from the Social Security Administration at www.socialsecurity.gov/form1945/. The employer must forward the signed notice to OPERS when the personal record history is submitted to OPERS.

Click on the following hypertext links for more information on the Social Security Windfall Elimination Provision and the Government Pension Offset Provisions.

In short, the Windfall Elimination Provision primarily affects people who earned a pension from working for a government agency and worked at other jobs where they paid Social Security taxes long enough to qualify for retirement or disability benefits. However, if a person has 30 or more years of “substantial” earnings in a job where the individual paid Social Security taxes, the reduction is not applied; the reduction is graduated for individuals with “substantial” earnings between 21 and 29 years.

The Government Pension Offset is a federal law that affects spouses and widow/widowers. In general, the law requires that a person’s Social Security benefit as a spouse, widow, or widower be offset by two-thirds the amount of his or her own public retirement benefit. If a member receives an annuity from OPERS in a lump sum, Social Security still will calculate the reduction as if the individual chose to get monthly benefit payments from OPERS; this does not apply to annuities under the Additional Annuity program, which is funded by a member with voluntary, after-tax deposits or rollovers.

In addition, Ohio law requires public employers who on or after January 7, 2013, begin to receive personal services from an individual it classifies as an independent contractor are to inform the individual of their classification and that no contributions will be made to OPERS for their service. Not later than 30 days after the services begin, the employer to whom the personal services will be rendered is to require the individual to acknowledge, in writing on a form provided by OPERS, that the individual has been informed that no contributions are being remitted to OPERS. The public employer must retain the acknowledgement form for a period of five years after the date the services begin and immediately transmit a copy of it to the county auditor, who then must transmit a copy to OPERS.

68.06 CONTRIBUTIONS

OPERS has three sources of funds:

1. Employee contributions

2. Employer contributions

3. Return on investments

Each member of OPERS pays 10.0 percent of gross salary to the retirement system through payroll deduction. Law enforcement personnel pay 12.1%. The public safety rate is 11.5%. These funds are credited to the members' account.

Law enforcement officers include sheriffs and members employed in the following positions whose primary duties are to preserve the peace, protect life and property, and enforce the laws of Ohio: deputy sheriffs, township police, drug agents, state watercraft officers, park officers and others. With the exception of sheriffs, public safety officers include all of the same job classifications listed above but the member's primary duties are other than to preserve the peace, protect life and property, and enforce the laws of Ohio. Employers are responsible for determining whether a member is a law enforcement or public safety officer.

Employers contribute 14.0 percent of the employee's gross salary and 18.1% for both public safety and law enforcement employees. The higher ceiling numbers are statutory maximums, and the OPERS Board has the authority to set rates within these maximums.

Employers are required to submit employee and employer contributions monthly, no later than 30 days following the last day of the monthly reporting period. Employers may be charged a penalty of up to 5% if contributions are not remitted in a timely manner.

68.07 RETIREMENT PLAN SELECTION

With certain exceptions, new members hired on or after January 1, 2003, are eligible to select one of three OPERS retirement plans. Among those members not eligible to select are OPERS law enforcement and public safety officers, college and university employees who elect to participate in an Alternative Retirement Plan, and re-employed OPERS retirants.

The plan options include:

1. **Traditional Pension Plan** (defined benefit plan). This plan is a defined benefit plan under which a member's retirement benefit is based on a formula. The benefit generally is determined by multiplying a percentage by years of contributing service and the average of the three or five highest years of earnable salary (or final average salary). Following the enactment of SB 343, pension benefits are subject to an anti-spiking provision, known as the Contribution-Based Benefit Cap (CBBC). The CBBC compares the member's formula benefit with an amount determined by annuitizing the member's career contributions (employee) and multiplying that number by factor selected by the OPERS Board (Currently, the factor is 6). If the member's formula benefit is more than six times larger than the CBBC benefit, it will be capped at the amount of the CBBC benefit. OPERS investment professionals manage the investment of employee and employer contributions to ensure that funds are available to pay the formula benefit.

   The recent enactment of Pension Reform (SB 343) substantially changed the pension eligibility criteria for members who retire under this plan. The bill established three transition groups:

   a. **Group A** (members who are eligible to retire on or before January 7, 2018);

   b. **Group B** (members who will be eligible to retire after January 7, 2018, but on or before January 7, 2023, or who have 20 years of service credit as of January 7, 2013); and

   c. **Group C** (members eligible to retire after January 7, 2023, or members hired on or after January 7, 2013.).

   This is further outlined in Table 68-2, which describes the law prior to Pension Reform (SB 343) and highlights benefit eligibility criteria going forward.

2. **Member-Directed Plan** (defined contribution plan). This plan is a defined contribution plan under which employee and a portion of the employer contributions are deposited into a member's individual OPERS account and invested by the member. The member's retirement benefit is based on employee and employer contributions and the gains and losses on those contributions. Under the Member-Directed Plan, the member directs the investment by selecting from professionally managed OPERS investment options.

3. **Combined Plan**. This plan includes both a defined benefit and defined contribution component. Under the defined benefit portion of the Combined Plan, the member's retirement benefit is determined by a reduced formula (similar to the Traditional Pension Plan). Ohio PERS investment professionals manage the investment of employer contributions to ensure that funds are available to pay the reduced formula benefit. Under the defined contribution portion of the Combined Plan, employee contributions are deposited into the member's individual account and invested as directed by the member. The member's retirement benefit under this portion of the Combined Plan is based on employee contributions and the gains and losses on those contributions. The member directs the investment by selecting from among the OPERS investment options.

See Table 68-1 for an overview of each Plan. Table 68-2 highlights changes instituted by Pension Reform (SB 343), which largely impacts the Traditional Plan option. Table 68-3 provides a description of health care changes adopted by the OPERS Board, which begin January 2014.

Individuals have 180 days from the date their employment begins to select one of the OPERS retirement plans. OPERS has educational material available to assist individuals in making their selection. The OPERS hotline is 1-866-OPERS-4-U (1-866-673-7748), and their web site is www.opers.org and click on "New Hires: Pick a Plan" under the "Members" heading. Individuals who do not select a plan automatically will become a participant in the Traditional Pension Plan.

Also, eligible members have three opportunities to change their retirement plan, based on the following guidelines:

1. Prior to attaining five years of total service credit;

2. Once after attaining five years, but no more than 10 years of total service credit;

3. Once at any point after attaining 10 years of total service credit.

One important note is that OPERS provides special retirement coverage for certain law enforcement and public safety officers under the Traditional Pension Plan, hence the higher contribution rates. Those listed below whose primary duties (at least 50% each month) are to preserve the peace, to protect life and property, and to enforce the laws within their jurisdictions are considered law enforcement employees and receive an enhanced retirement allowance. In addition, these individuals must have a Peace Officer's Training School Certificate. They include:

1. Full-time sheriffs and deputy sheriffs.

2. Full-time township constables or police officers.

3. Full-time criminal bailiffs or court constables who were deputized by a county sheriff and employed under ORC Section 2301.12.

4. Full-time state university law enforcement officers employed under ORC Section 3345.04.

5. Full-time county narcotics agents.

Other law enforcement related employees who do not meet the above criteria are considered public safety employees and are eligible for retirement benefits not quite as enhanced as for law enforcement employees but richer than the Traditional Plan benefit. Though correction officers by job classification are not members of OPERS' public safety division, some county correction officers may fit in this category, depending on how the sheriff has assigned their job responsibilities. Individuals who become employed in an OPERS law enforcement or public safety position must cease participating in the defined contribution plan and instead participate in the defined benefit plan (Traditional Plan).

68.08 SERVICE CREDIT

A member's service credit is based on all service after January 1, 1935 for which deductions were taken from earnings for OPERS (ORC 145.29). Service credit is calculated monthly, based on earnings reported by public employers. A member cannot receive more than one year of service credit for any calendar year even though employed concurrently on more than one public job. Neither can the member receive a full year of service credit if the earnings per month indicate less than full-time service. Earnings of $150 or more per month are counted as full-time employment through December 31, 1984. Earnings of $250 or more per month produce full-time credit beginning January 1, 1985.

With the enactment of SB 343, effective January 1, 2014, the monthly earning threshold increases to $600 in order for a member to receive full-time credit. Future increases to this threshold will be tethered to statutory increases in compensation for township trustees.

A member earns partial credit towards pension benefits when their monthly earnings are less than $250 or the new threshold of $600, respectively.

In September 2012, the OPERS Board approved Health Care Preservation Plan 3.0 (HCPP 3.0), which modified OPERS' discretionary health care program significantly. As a result of HCPP 3.0, the minimum earnable salary for health care eligibility is now different from the minimum salary requirement for pension eligibility. Beginning January 1, 2014, contributing service credit for health care will be accumulated if the member earns at least $1,000 per month. If the member earns less than $1,000 a month, no pro-rated credit will be granted. Credit earned prior to January 2014, will not be affected by this change.

HCPP 3.0 also changed the types of service credit that will apply for health care eligibility. After January 1, 2014, only the following types of service credit will apply to health care eligibility: contributing services; Ohio Retirement System transfers; interrupted military/USERRA, unreported time, and restored (refunded) service. This provision is not applicable to individuals who retire prior to January 1, 2014.

Importantly, elected officials who purchased additional service credited because they are authorized as "elected officials" should be aware that such "air time" service credit will no longer apply towards health care eligibility after January 1, 2014, if such individuals have not retired before 2014.

68.09 HEALTH CARE

Although the law does not guarantee health care coverage, OPERS understands the importance of this coverage to benefit recipients and will provide it to the extent resources permit. Currently, OPERS provides health care coverage at retirement for eligible retirees under the Traditional Pension Plan and the Combined Plan.

Under the current OPERS health care plan, members receive a monthly allowance based on years of service and the date the member was first eligible to retire. Beginning January 1, 2014, a member's eligibility and monthly allowance will be based on the member's age and years of qualifying service at the time the member retires. This monthly allowance will be applied toward the monthly premium for medical/pharmacy coverage. Only those retirees and eligible family members enrolled in medical/pharmacy coverage will receive an allowance.

Traditional Pension & Combined Plans

Beginning January 1, 2007, and again in January 1, 2014, OPERS will implement changes to the structure of the health care plan to improve the financial solvency of the health care fund in the face of constantly rising health care costs and other factors.

OPERS provides retirees with a set allowance each month to spend on health care. The amount received is based on age and the years of qualifying service. As noted above under "Service Credit," the type of credit that qualifies for health care credit will change on January 1, 2014, for individuals not yet retired.

Table 68-3 is an overview prepared by OPERS which explains the latest health care changes that will begin in 2014.

Member-Directed Plan

Under the Member-Directed Plan, a portion of the employer contribution is credited to a Retiree Medical Account (RMA). When a member receives a refund of their account or separates from service and takes a distribution of their individual account, amounts contributed to the RMA may be used for the payment of qualified health, dental, and vision care expenses.

Members vest in their RMA based on their attained years of participation in the Plan. Unlike the member's individual defined contribution account, OPERS will manage and direct the investment of the member's RMA. Interest, at a rate determined by the Board, will be credited annually to the member's RMA.

68.10 PLAN PAYOUT OPTIONS

Individuals should consult OPERS to find out more details on payment options available.

Prior to Pension Reform (SB 343), OPERS members could choose one of six payment plans when they retire. The new law consolidates the number of plans to three:

1. Single Life Plan.
2. Joint Life Plan.
3. Multiple Life Plan.

At the time a member files an application for age and service retirement, they will select one of these payment plans. They may elect to receive benefits payable throughout their lifetime (single-life annuity) or in a lesser amount during their life but continuing after their death to a spouse or to a designated beneficiary.

If members choose a plan that provides for their beneficiary after they die, the benefit amount to the member will be smaller. On the other hand, if they choose to provide a greater benefit amount for themselves, less will be available for the beneficiary. If the member chooses a single-life annuity, the beneficiary may receive only a lump sum amount at the member's death.

Regardless of which payment option is selected, retiring members may also elect a Partial Lump Sum Option Payment (PLOP). The PLOP allows a member to receive a lump sum benefit payment along with a reduced monthly retirement allowance.

The lump sum payment cannot be less than six times or more than 36 times the monthly amount that would be payable under the plan of payment selected. The lump sum payment cannot result in a monthly benefit that is less than 50% of the original monthly benefit.

The total amount paid as a lump sum and monthly payments will be equal to the amount that would have been paid had the member not elected to receive a lump-sum payment.

As a lump-sum distribution, the PLOP is fully taxable, unless it is rolled over to a qualified plan or IRA and, like monthly benefits, may be subject to court orders, such as division of property orders and support withholding orders, if applicable.

An OPERS member who is a law enforcement or public safety officer terminating public employment at age 50 or older and who receives a Partial Lump Sum Option Payment (PLOP) on or after Aug. 18, 2006 will not have to pay the additional 10% tax on this distribution, provided the position from which they terminated was their law enforcement or public safety position.

68.11 PURCHASE OF SERVICE TIME FOR TRADITIONAL PENSION PLAN

Under the Traditional Pension Plan, members may purchase service credit for military, out-of-state or federal service, police, firefighter or highway patrol, leave of absence, unreported service, exempt service, school board service, or service credit purchased by survivors.

Back payments on earlier non-contributing elective service may be made after a member has contributed for at least 18 months and provided contributions have not been made to Social Security on the non-contributing service. (Hence, if an elected official chose to contribute to Social Security as opposed to OPERS for their elected official service time, they cannot later go back and re-purchase such time under OPERS.) To purchase non-contributing elective service credit the member must pay into the employees saving fund an amount equal to 100% of the additional liability resulting from the purchase of that year or portion of a year of credit as determined by the Board's actuary. Certification of a complete record of service must be made by the department where the service was performed. OPERS will issue a statement of the amount to be paid for the service to be purchased upon completion of the appropriate form.

Any elected official who is a member of OPERS may, prior to retirement, purchase 35% additional credit of any elective service that qualifies under OPERS since January 1, 1935. For those elected officials who became OPERS members on or after January 1, 2001, federal tax law limits the amount of 35% additional credit to five years, and only if the member has at least five years of OPERS service time.

The new pension law (SB 343) will increase the cost of service purchase to better reflect the actuarial cost of the benefit. Members will be permitted to make service purchases at the current rates if they initiate the purchases by July 7, 2013. They will have until July 7, 2018, to complete the purchase before the cost will be recalculated.

After July 7, 2013, members will be required to pay the full actuarial cost for the following types of service purchases:

1. **Additional service credit**: Elected and certain appointed officials are permitted to purchase an additional 35% service credit for every full-time year of service.

2. **Prior elected service**: This type of credit applies to Ohio elected officials, who are not required to become OPERS members immediately after their election to public service. Rather, at a future date after membership is established, they can purchase credit for service they completed as an elected official that predates their membership in OPERS, provided they did not pay into Social Security.

3. **Exempted service**: This is service credit for a period of time during which the members was exempted from paying into OPERS while working in a position in which OPERS coverage was offered. For example, a student employed by a university may choose to be exempted from membership.

4. **Other types of service**.

Members currently purchasing service credit via an active post-tax payroll deduction agreement can work with OPERS to incorporate additional elected official service time they are eligible to purchase until July 7, 2013. For members currently purchasing service credit via active pre-tax payroll deduction, which under federal law cannot be modified, SB 343 established an exception to allow those members to purchase outstanding additional 35% credit. The legislation authorized such members to initiate, by partial payment or lump sum, the purchase of any additional 35% credit until July 7, 2013. This exception does not apply if the purchase is for credit based on service for which the earnable salary was less than $1,000 per month. If the member fails to complete the payroll deduction agreement, the member receives a refund of the amounts paid for the new additional 35% credit and any credit purchased with the refunded amount is cancelled.

The passage of HB 434, effective October 17, 1985, permits an elected or appointed official, who is a member of a state retirement system and prohibited from receiving salary increases during their term of office, to make retirement contributions based on the increased salary in order to earn credit at the higher salary. The official will pay both the employee and employer contributions to receive credit for the pay increase that was not paid because it was granted during the member's term of office. This particularly is beneficial to elected or appointed officials nearing retirement who did not receive a salary increase because they were in-term.

At the official's request, the retirement system will compute the total additional amount by which the contributions would have increased had the official received the increased salary. If the official elects to have the increased retirement contributions deducted, the auditor makes the withholding and transmits it to the retirement system. Such withholding is to be done commensurate with the period of the denied salary increase; therefore, the decision to make the additional contribution cannot be made at a later time. For additional information refer to ORC Sections 145.01 and 145.29.

68.12 WITHDRAWAL AND RESTORATION OF MEMBERSHIP AND SERVICE CREDIT

If a county employee or official ceases to be a public employee, the employee or official may refund their OPERS account. The amount of the refund depends on the member's retirement plan and the years of service the member had prior to the termination of public employment, and will include all of the member's contributions and possibly some of the employer contributions made on the member's behalf. Before a member does this, however, they may want to check on the issue of survivor benefits the member's family may be eligible to receive in the event of death of the member after cessation of employment.

Should a member leave public employment and later return, the member may reinstate prior service credit by purchasing this former time. A member is eligible to redeposit money withdrawn from the retirement system after returning to public employment for at least 18 months in a job covered by one of the Ohio retirement systems. The redeposit automatically restores the service credit which was lost by obtaining the refund. The cost will include the amount refunded plus accumulated interest (ORC 145.31).

A member may purchase or restore service credit by payroll deduction, and should work with OPERS to set up a plan, as the System may specify the amount and frequency of payments. Please also consult Section 68.11 of this Chapter relative to the purchase of service credit.

68.13 PICK UP PLAN

Internal Revenue Service (IRS) laws now make it possible for public employers to pay ("pick-up") all or part of the employee contribution to the OPERS. Federal law states that employer contributions are non-taxable to the employee until received as retirement benefits or as a refund of contributions while employee contributions generally are taxable at the time the contribution is made. The purpose of a pick-up plan is to defer the income taxes on the employee's required retirement contribution amount.

There are two methods to implement the "pick-up" plan:

1. If the employer pays the retirement contributions, the tax-deferred structure is called <u>fringe benefit</u>. Under the <u>fringe benefit method</u> (assume and pay) the employer can specify that an increase in salary can be used to pick-up all, or part, of the employees OPERS contribution. There would be no increase in the

employee's gross pay, but since the employee will not be paying, or will be paying a reduced amount to OPERS, take home pay would be increased.

2. Elected officials are not eligible to participate in a fringe benefit pick-up plan while serving the term in which the plan was enacted. Elected officials for townships are not eligible for a fringe benefit pickup plan at all. (Ohio Attorney General Opinions 1984-036, 2004-048)

3. If the employee pays the retirement contributions, the tax-deferred structure is called salary reduction. With the salary reduction method (pick up in lieu of salary increase) the employee's salary is reduced by a certain percentage, which gives an employee a cash salary and a percentage of OPERS contributions are now paid by the employer. Under the salary reduction method the employee will be paying less tax. Only the reduced salary is reported for income tax purposes, not the employer picked up contribution. The employee's earnable salary for OPERS purposes is not reduced by the salary reduction pick-up.

For all pick-up plan methods, no federal, state, or school district income taxes are withheld from the picked-up retirement contribution. The contribution is not reported as a taxable income on the employee’s W-2 form for federal, state, or school district purposes. The contribution is taxable for municipal income tax and Medicare (if the employee is subject to Medicare taxation). In addition, the pick-up plan will not reduce the worker's compensation payment made by the county, as the rate is based on the gross income.

Employer "picked-up" contributions are:

1. Credited to the employee account like the employee contributions,

2. Refundable in total to the employee upon termination,

3. Taxed upon receipt of retirement benefits, or the year the refund is received.

County commissioners must adopt a resolution and may be required to secure a private letter ruling from IRS stating that the plan qualifies under Section 414 (h)(2) of the Internal Revenue Code and Revenue Regulations 81-35 and 81-36 before the commissioners may establish the plan. The revenue regulations establish two criteria:

1. The employer must specify that the contributions are being paid by the employer in lieu of contributions by the employee.

2. The employee must not be given the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the pension plan.

68.14 EARLY RETIREMENT INCENTIVE PLANS (ERI'S)

Ohio law authorizes public employers to establish early retirement incentive (ERI) plans. An employer may establish this type of plan for a group of eligible employees, whereby the employer purchases additional service credit for those employees. This purchase may enable employees to retire early or to retire with a larger retirement benefit than they may have otherwise been entitled.

In the case of a county, the ERI does not have to be a "countywide" plan affecting all county employees, but it may apply to subordinate employing units within the county or even within the jurisdiction of one elected official or department. In all cases, however, the board of county commissioners must approve the ERI Plan, except in the case of a board of alcohol, drug addiction, and mental health services or county board of developmental disabilities whose respective boards of trustees may authorize and approve.

Here is a summary of some of the requirements that must be considered when an employer establishes a voluntary ERI plan:

1. The plan must be in writing (OPERS has a model) and provide for the county's purchase and payment of the OPERS service credit to be purchased. The cost associated with ERI plans is based on the actuarial assessment of the additional liability on OPERS and takes other factors into consideration, NOT just the employee and employer share of contributions for the number of years being offered; the final average salary used to determine the ERI cost calculation is based on all public employment, NOT just the salary earned with the employer offering the ERI plan. Note: Employer/Employee agreements regarding cost do not supersede the OPERS calculated cost and will not invalidate the ERI forms once signed by both the employer and employee.

2. The plan must incorporate the approval of the county commissioners as an employing unit for this purpose. The board of county commissioners may designate a subordinate employing unit, for example, the county engineer's office or a county department of job and family services. But again, a board of alcohol, drug addiction, and mental health services or county board of developmental disabilities may authorize and approve their own plan. In addition, care needs to be taken when designating a county department of job and family services to be sure the costs incurred are reimbursable expenses from federal human service programs.

3. The plan must specify the exact number of years of service credit that will be purchased. Five years is the maximum number of years that may be purchased under a plan. The actual purchase for any individual employee will be the lesser of one fifth of the employee's service credit of record or the maximum number of years purchasable under the plan. Plans cannot be established with language

indicating the number of years will vary by employee (for example, up to three years).

4. A voluntary plan must be in effect for a minimum of one year.

5. No employing unit may have more than one plan in effect at one time. With respect to county employees, this means the county as a whole or any county agency designated by the board of county commissioners. Once again, a board of alcohol, drug addiction, and mental health services and a county board of developmental disabilities are viewed as independent employing units.

6. The plan must be offered to a minimum of 5% of the employer's OPERS-covered employees.

7. All employees offered the plan must be actively contributing to OPERS at the time the plan is established. Actively contributing means in an employment status where retirement contributions are being remitted to the retirement system covering the date the plan was effective as well as the date the employee signs the *Employee and Employer's Agreement* (Form F-111c).

8. A grievance procedure must be provided to resolve disputes arising under the plan.

9. An employer must provide at least a 30 day notice to its employees and to OPERS prior to termination of the plan.

10. Plan documents must be submitted to OPERS for review at least 60 days prior to the effective date of the ERI plan. The 60-day window begins once all valid and required forms/information is received and acknowledged as acceptable by OPERS.

For more information about ERI's and employee eligibility, contact OPERS. A 30-page guidance document is available at https://www.opers.org/pubs-archive/employers/ERI-Manual.pdf#zoom=100.

68.15 RE-EMPLOYMENT OF A RETIRANT

OPERS retirees may become re-employed in OPERS-covered positions. If an individual returns to employment during the first two months of their retirement, their retirement allowance will be forfeited for each month in which re-employment occurs during those two months. The penalty will apply even if the individual waives their salary for the two-month period or volunteer for the period of re-employment.

Re-employed retirees are not eligible to select one of OPERS' retirement plans. Rather, these individuals contribute toward the Money Purchase Plan. Beginning in 2006, all re-employed retiree balances and contributions in the Money Purchase Plan earn interest based on the annual return of the Ohio PERS Stable Value Investment Fund.

The employer must provide the re-employed retiree's primary health care coverage if it is available to employees in comparable positions. If offered, the employer's health care coverage cannot be waived by the re-employed retiree. Suspension or forfeiture of retirement allowance interrupts the retiree's health care coverage.

68.16 RE-EMPLOYMENT OF ELECTED OFFICIAL TO SAME POSITION

Members who are age and service retirees under OPERS and return to OPERS covered employment as an elected official are treated as re-employed retirees. However, if OPERS members contributed for non-elected service and are also an elected official who contributed to Social Security for the elected position, the elected service has no effect on their OPERS retirement, and they are not considered OPERS re-employed retirees for subsequent service as an elected official.

There is a limitation for an elected official who retires from OPERS during a term of office and is re-appointed to the position during the same term or is elected to the position in the next consecutive term. For these elected officials, the retirement allowance is suspended, which results in the pension portion of the allowance being forfeited and the annuity portion of the allowance being suspended for the term(s) unless the elected official:

1. Retired at least 90 days prior to the general election;

2. Files a written notice of intent to retire with the county board of elections at least 90 days prior to the primary election for the term in which the retirement occurred or 90 days prior to the date on which the primary would have been held; or

3. Is appointed to the same position and notifies the appointing authority, in writing, that they retired or intend to retire before the end of the term.

Such action is to be conveyed to OPERS on the following form:
https://www.opers.org/forms-archive/fill-in/SR-6E.pdf

68.17 RE-EMPLOYMENT OF A RETIRANT TO SAME PUBLIC POSITION

If a person is being re-employed in the same OPERS-covered position that is customarily filled by a vote of the board of county commissioners or by members of a board or commission, extra consideration and a public meeting must be conducted. Specifically, such boards are required to do the following:

1. Not less than 60 days before the re-employment commenced, give public notice (containing the time, date, and location at which a public meeting is to take place)

that the person is or will be retired and will be returning to work in the same position; and

2. Between 15 and 30 days before the re-employment commenced, hold a public meeting on the issue of re-employing an OPERS benefit recipient in the same position.

Such action is to be certified on a form provided by the retirement system. The OPERS form can be accessed at https://www.opers.org/forms-archive/fill-in/SR-6.pdf.

Further explanation and guidance are provided in CCAO County Advisory Bulletin 2004-02.

68.18 EMPLOYEES PERFORMING COUNTY OPERATIONS WHICH ARE PRIVATIZED MAY BE ELIGIBLE TO PAY INTO BOTH OPERS AND SOCIAL SECURITY

An individual who is a member of OPERS and who continues to perform the same or similar duties under the direction of a contractor who has contracted to take over what before the date of the contract was a publicly operated function may be eligible to pay into both OPERS and Social Security. The governmental unit with which the contract has been made shall be deemed the employer in such circumstances. (ORC 145.01 (A)(2))

TABLE 68-1

HELPING OHIO PERS MEMBERS SELECT A RETIREMENT PLAN

Question	Traditional Pension Plan	Member-Directed Plan	Combined Plan
What are the employee and employer contributions?	Employee=10% of earnable salary	Employee=10% of earnable salary, of which 9.9% deposited into investment account and 0.1% goes for administrative fee.	Employee=10% of earnable salary (member-directed)
	Employer=14% of earnable salary	Employer=14% of earnable salary, of which 8.73% will be deposited into an individual OPERS account, and 4.50% (0.77% goes to mitigation rate for Traditional Pension Plan will be credited to a Retiree Medical Account (RMA).	Employer=14% of earnable salary (OPERS invest)
	Employee in LE Division = 12.1% of earnable salary	not applicable	not applicable
	Employer in LE Division = 18.1% of earnable salary	not applicable	not applicable
Are additional voluntary contributions permitted?	Yes. Contributions may be made to an additional annuity.	Yes. Contributions may be made to member's individual OPERS account.	Yes. Contributions may be made to member's individual OPERS account.
Who directs the investments?	OPERS investment professionals manage the investment of member and employer contributions.	Member directs the investment of member contributions and employer contributions into professionally managed OPERS Investment Options.	Member directs the investment of member contributions into professionally managed OPERS Investment Options; OPERS investment professionals direct the investment of employer contributions.

Question	Traditional Pension Plan	Member-Directed Plan	Combined Plan
What investment options are available?	OPERS manages the contributions and has diverse investments (e.g.; stocks, bonds, cash, real estate).	Several professionally managed OPERS Investment Options ranging from conservative to aggressive. Detailed information can be found in the *How To Invest Guide* or on the OPERS website (www.opers.org)	Same OPERS Investment Options that are available in the Member-Directed Plan.
How is the member's lifetime retirement benefit calculated?	Benefit is based on a formula including years of service, high salary, and other factors. See Table 68-2 which outlines how benefits are calculated past pension reform (SB 343).	Benefit is based on the performance of the OPERS Investment Options that member has selected.	Benefit is based on a formula=Years of total service credit x 1.0% of final average salary (FAS) for each of the first 30 years of total service credit and, for each year in excess of 30, 1.25% of final average salary. In addition, a benefit is provided based on the performance of the OPERS Investment Options that a member has selected for member contributions.
Who bears the risk of investment performance?	OPERS takes responsibility for making sure funds are available to pay member's retirement benefit for life.	Benefits paid will depend on how member selected investments perform.	OPERS takes responsibility for funding part of member's retirement benefit, but part of member's benefit will depend on how member selected investments perform.

Question	Traditional Pension Plan	Member-Directed Plan	Combined Plan
Will the member have access to health care in retirement?	Ohio law permits (but does not require) OPERS to offer health care coverage to members. See Table 68-3.	Member may be able to use a portion of employer contributions accumulated in an individual Retiree Medical Account (RMA) to pay for qualified health care expenses.	Ohio law permits (but does not require) OPERS to offer health care coverage to members. See Table 68-3.
Will the member's survivor(s) receive benefits?	Member's survivor(s) may be eligible for benefits. Benefits are based on member years of service and the number of qualified survivors. Member must have at least 60 contributing months. Member must have at least 18 months of service credit in the Plan for survivors to qualify for benefits.	No monthly survivor benefits are available through OPERS. The vested portion of member's individual account balance is available to survivors.	Same as Traditional Pension Plan.
Will the member receive disability benefits?	Yes. Benefits are based on years of service and final average salary. Generally, member must have at least five years of service credit in the Plan to apply for and receive disability benefits.	No monthly disability benefits are available through OPERS. The vested portion of member's individual account balance is available to disabled member as a refund after terminating employment.	Yes. Same as Traditional Pension Plan.
Is there a death benefit?	Yes. A lump sum death benefit, ranging from $500 to $2,500 is provided, based on years of service.	No death benefit is available through OPERS. The vested portion of member's individual account balance is available to beneficiaries.	Yes. Same as Traditional Pension Plan.
Is there a cost of living adjustment (COLA) after member retires?	Yes. A simple, non-compounded annual adjust is generally provided. This is detailed in Table 68-2, since the adjustment was changed by pension reform (SB 343).	Yes, if the member individual account balance is converted to a monthly annuity which includes a COLA.	Yes. Same as Traditional Pension Plan.

Question	Traditional Pension Plan	Member-Directed Plan	Combined Plan
When can the member withdraw contributions after member ends job?	Three months after OPERS-covered employment ends, member may receive a lump sum distribution of member contributions and interest. Member contributions are 100% vested.	Three months after OPERS-covered employment ends, member may receive a lump sum distribution of the vested portion of member's OPERS account. Member contributions are 100% vested.	Three months after OPERS -covered employment ends, member may receive a lump sum distribution of the vested portion of member portion of the individual OPERS account. Member contributions are 100% vested.
When can the member withdraw contributions made by employer?	OPERS will adopt rules specifying the amount, which may vary depending on the member's service credit.	Three months after OPERS-covered employment ends, member will receive a percentage of employer contributions based on years of participation, as follows: 1 year of participation=20% 2 years of participation=40% 3 years of participation=60% 4 years of participation=80% 5 years of participation=100%	Same as Traditional Pension Plan.
Can the member purchase service credit?	Yes, under certain circumstances.	Not applicable.	Yes, under certain circumstances.
Is member required to withdraw account if member leaves job?	No.	Yes.	No, but member will be charged a monthly administrative fee of $2-$6 for individual OPERS account balances under $5,000.

Question	Traditional Pension Plan	Member-Directed Plan	Combined Plan
Can the member change between OPERS retirement plans?	Yes, at the following times during member's public service career: --Once prior to attaining five years of total service credit (after the 180-day enrollment period); --Once after attaining five, but not more than ten, years of total service credit; and --Once, at any point, after attaining ten years of total service credit.	Yes. Same as Traditional Pension Plan.	Yes. Same as Traditional Pension Plan.
Can the member combine service credit with other Ohio retirement systems?	Yes. Member may combine service credit earned as a member of the State Teachers Retirement System of Ohio (STRS) or the School Employees Retirement System of Ohio (SERS) with OPERS service credit so long as the service was not concurrent.	Not applicable.	Not applicable.
Who pays the administrative fees?	Administrative fees paid from investment earnings.	Administrative fee of up to 0.1% of your earnable salary will be deducted from member contribution.	Same as the Member-Directed Plan.
When is the member eligible for retirement?	See Table 68-2 which outlines retirement options tied to member's age and years of service.	Member may retire after age 55.	Same as Traditional Pension Plan.

TABLE 68-2

PENSION REFORM (SB 343): OVERVIEW OF PLAN DESIGN CHANGES

Below is a table prepared by the Legislative Service Commission comparing the law prior to Pension Reform (SB 343) and the new, current law. Specifically, the table highlights changes to the Defined Benefit Plan including contribution rates, benefit eligibility and formulas, cost-of-living adjustments, disability benefits, and service credit purchases.

	Prior Law	SB 343/Current Law
Transition groups	No provision.	Group A – Members who, under current criteria, will be eligible to retire not later than January 7, 2018. Group B – Members who, on January 7, 2013, have 20 years of service credit or, under current criteria, will be eligible to retire not later than January 7, 2023. Group C – All other members.
Retirement eligibility: Regular PERS	Unreduced retirement benefit with 30 years of service credit at any age or 5 years of service credit at age 65.	Group A – No change. Group B – Unreduced benefit with 32 years of service credit at any age; 31 years of service credit at age 52; or 5 years of service credit at age 66. Group C – Unreduced benefit with 32 years of service credit at age 55 or 5 years of service credit at age 67.
	Reduced retirement benefit with 25 years of service credit at age 55 or 5 years of service credit at age 60.	Group A – No change. Group B – No change. Group C – Reduced retirement benefit with 25 years of service credit at age 57 or 5 years of service credit at age 62.

	Prior Law	SB 343/Current Law
Retirement eligibility: PERS Law Enforcement Officers (PERS-LE)	Unreduced retirement benefit with 25 years of service credit in PERS-LE at age 48 or 15 years of service credit in PERS-LE or PERS Public Safety at age 62.	Group A – No change. Group B – Unreduced benefit with 25 years of service credit in PERS-LE at age 50; or 15 years of service credit in PERS-LE or PERS Public Safety at age 64. Group C – Unreduced benefit with 25 years of service credit in PERS-LE at age 52, or 15 years of service credit in PERS-LE or PERS Public Safety at age 64.
	Reduced retirement benefit with 15 years of service credit in PERS-LE or PERS Public Safety at age 52.	Group A – No change. Group B – Reduced benefit with 25 years of service credit in PERS-LE at age 48, or 15 years of service credit in PERS-LE or PERS Public Safety at age 52. Group C – Reduced benefit with 25 years of service credit in PERS-LE at age 48, or 15 years of service credit in PERS-LE or PERS Public Safety at age 56.
Retirement eligibility: PERS Public Safety Officers (PERS Public Safety)	Unreduced retirement benefit with 25 years of service credit in PERS Public Safety or Public Safety and PERS-LE at age 52; or with 15 years of service credit in PERS-LE or PERS Public Safety at age 62.	Group A – No change. Group B – Unreduced benefit with 25 years of service credit in PERS Public Safety or PERS-LE and PERS Public Safety and age 54; or 15 years of service credit in PERS-LE or PERS Public Safety at age 64. Group C – Unreduced benefit with 25 years of service credit in PERS Public Safety or PERS-LE and PERS Public Safety and age 56; or 15 years of service credit in PERS-LE or PERS Public Safety at age 64.
	Reduced retirement benefit with 25 years of service credit in PERS Public Safety or Public Safety and PERS-LE at age 48, or 15 years of service credit in PERS Public Safety at age 52.	Group A – No change. Group B – No change. Group C – Reduced benefit with 25 years of service credit in PERS

	Prior Law	SB 343/Current Law
		Public Safety or PERS-LE and PERS Public Safety at age 52, or 15 years of service credit in PERS Public Safety or PERS-LE at age 56.
Deferred retirement Eligibility: PERS-LE or PERS Public Safety	Retirement benefit based on reduced formula with 15 years of service credit in PERS-LE or PERS Public Safety deferred to age 52.	If the member will attain 52 not later than January 7, 2023 (10 years after the bill's effective date), deferred to age 52, otherwise deferred to age 54.
Final average salary (FAS)	Calculated by averaging the highest <u>three</u> years of salary.	Group A – No change. Group B – No change. Group C – Calculated by averaging the highest <u>five</u> years of salary.
	Permits the earnable salary in the year employment terminates to be substituted for the same period in one of the 3 highest years if the period substituted had a higher salary.	Calculated as the greater of the amount under current law or the sum of the member's earnable salaries for the appropriate number of consecutive months that were the member's last months of service, up to and including the last month.
Benefit formula: Regular PERS	<u>Unreduced</u> benefit: 2.2% x final average salary (FAS) x years of service (YOS) for the first 30 years of service plus 2.5% x FAS x YOS for each additional year of service after 30.	Group A – No change. Group B – No change. Group C – <u>Unreduced</u> retirement benefit: 2.2% x FAS x YOS for the first <u>35</u> years of service plus 2.5% x FAS x YOS for each additional year of service after 35.
	<u>Reduced</u> benefit: retirement benefit reduced based on age or service by a percentage specified in the Revised Code.	Group A – No change. Group B – Reduced by a percentage determined by the Board's actuary for each year the member retires before the first of (1) attaining age 66, (2) attaining age 52 with 31 years of service credit, or (3) earning 32 years of service credit. Group C – Reduced by a percentage determined by the Board's actuary for each year the member retires before the first of (1) attaining age 67 or (2) attaining

	Prior Law	SB 343/Current Law
		age 55 with 32 years of service credit.
Benefits formula: PERS-LE and PERS Public Safety	Unreduced benefit: 2.5% FAS for the first 25 years of service plus 2.1% for each additional year.	Group A – No change. Group B – No change. Group C – No change.
	Reduced benefit: retirement benefit reduced based on age or service a percentage specified in the Revised Code.	Group A – No change. Group B – Reduced benefit is the actuarial equivalent of the unreduced benefit adjusted for age. Group C – Same as group B.
Contribution based benefit cap (CBBC) (Anti-Spiking)	No provision.	Authorizes the PERS Board to establish a limit (based on a member's contributions) on the retirement benefit the member may receive, but provides that for members in Group A the reduction caused by the limit may not exceed 5% of the retirement allowance the member would otherwise receive, unless during any full month of service the member's earnable salary was less than $1,000. To access the OPERS contribution based benefit cap/anti-spiking calculator go to: www.opers.org/downloads/CBBC-Calculator.xls
Cost-of-living adjustment (COLA)	Annual COLA of 3% provided to each recipient who has received a benefit for one year, including retirees, disability benefit recipients, and survivors.	Until December 31, 2018, 3%. On January 1, 2019, and thereafter, for recipients of benefits beginning not later than the bill's effective date, 3%. For recipients of benefits beginning after the bill's effective date, any increase in the Consumer Price Index, not to exceed 3%.
Monthly earnings	Member receives full credit for each month earnings are at least $250.	Effective January 1, 2014, increases to $600 the amount a PERS member must earn in a month to receive full credit for that month and provides for future increases based on increases in compensation of township trustees. Members will receive prorated service for earnings less than $600.
Purchase of service	In most cases, the member	In most cases, the member must

	Prior Law	SB 343/Current Law
credit	must pay what the member would have contributed for the service, plus interest.	pay 100% of the additional liability to PERS resulting from purchase of the credit. For credit for a period during which the member received disability benefits, limits the credit to up to 5 years and permits the PERS Board to charge for the credit.
Restored service credit	The amount withdrawn, plus interest.	The member must pay the amount determined under current law, or an amount specified by PERS rule, not exceeding 100% of the additional liability to PERS.
Disability	Application for a disability benefit must be made not later than two years after contributing service terminates. Eligibility for disability benefit ceases if the recipient is able to perform the recipient's former job. No provision. No provision.	Coverage only for illness or injury that occurs before contributing service terminates or, if it results from contributing service, becomes evident no later than two years after termination. For recipient of a benefit based on an application received by PERS on or after January 7, 2013, once the leave of absence expires eligibility for a disability benefit ceases if the recipient is capable of performing any job that 1) replaces at least 75% of the member's FAS (adjusted annually for changes in CPI), 2) is reasonably found in the member's regional job market, and 3) is one that the member is qualified for by experience or education. Does not apply to recipient whose disability occurred while a PERS law enforcement officer. Benefit that would be granted based on an application received by the system on or after January 7, 2013, is forfeited if the disability was caused by a felony. Denies a disability benefit to a member who continues or returns to the same employment from which the disability benefit is

	Prior Law	SB 343/Current Law
	No provision. No provision.	provided. Requires application for Social Security Disability Insurance (SSDI), if eligible. If the combined amount of a member's SSDI benefit and OPERS disability benefit exceeds their inflation-adjusted FAS, the OPERS disability benefit will be reduced. Excludes disabilities caused by elective cosmetic surgery other than reconstructive surgery.

TABLE 68-3

HEALTH CARE CHANGES OVERVIEW

In September 2012, the OPERS Board of Trustees adopted a set of changes to the OPERS health care plan that will allow OPERS to continue offering retirees access to health care coverage.

A summary of the core Health Care changes is listed below. Implementation of these changes will begin in January 2014 and will continue through 2017. For a more comprehensive explanation of health care changes, go to www.opers.org and click on the "Comprehensive Guide" that applies to you.

Component	Changes
Age and qualifying service member eligibility requirements (excludes those with a retirement effective date prior to Jan. 1, 2015)	• Minimum eligibility for health care allowance for future age & service members: Age 60 with 20 years of service • Members retiring at any age with 30 or more years of service are eligible for coverage. The number of years will be re-evaluated by the Board for future years. • Same eligibility criteria will be used for public safety and law enforcement members
New age and qualifying service retiree monthly allowance table (Applies to all retirees)	• Monthly allowances will range between 51% and 90% of the full monthly premium. • Same allowance table will be used for current and future retirees. • Members retiring prior to Jan. 1, 2015 with an allowance at or above 75% will not have an allowance below 75%. • Members retiring at any age with 30 or more years of service: These members will have at least a 71% allowance. The qualifying number of years will be re-evaluated by the Board in the future.
Spouse coverage (Applies to all retirees)	• Spouses under age 65 will transition to a $0 (zero) allowance over three years (2015-2017) and have access to OPERS coverage at full cost at a minimum through 2019. • Spouses over age 65 will have access to the OPERS Medicare Connector in 2016. • Spouses of recipients who die before or after retirement will no longer assume the retiree's health care allowance.
Child coverage (Applies to all retirees)	• Children (up to age 26) will receive half of the retiree's allowance percentage if the recipient has at least 20 years of service and is enrolled in the health care plan. • If the recipient retires with less than 20 years of service, children (up to age 26) will transition to a $0 (zero) allowance over three years (2015-2017) and then have access to coverage at the full cost at a minimum through 2019.
Recipient Medicare B Premium Reimbursement	• For those eligible, Medicare Part B premium reimbursement will transition to a $0 (zero) reimbursement in 2017 with the first

Component	Changes
	reduction occurring in 2015. • 2014 reimbursement: $96.40 • 2015 reimbursement: $63.62 • 2016 reimbursement: $31.81 • 2017 and after: $0
Medicare Part A Equivalent Coverage	• The OPERS Board will determine the portion of the cost that it will pay and will provide Medicare Part A equivalent coverage to spouses who are not eligible for Part A (50% of the cost).
Coverage	• OPERS will continue to offer a medical plan and prescription drug plan for participants under age 65. How much you pay will depend on retiree's years of service at retirement and your age when you first enroll in the OPERS health plan. • Through 2015, OPERS will continue offering a medical plan and prescription drug plan for Medicare retirees. In 2016 OPERS will introduce the OPERS Medicare Connector. • OPERS will continue to offer optional dental and vision coverage for a premium.
Service Credit (excludes those with a retirement effective date prior to Jan. 1, 2014)	• Only the following types of service credit will apply to health care eligibility after Jan. 1, 2014: Contributing service, Ohio Retirement System transfers, interrupted military/USERRA, unreported time and restored (refunded) service.
Disability Recipients	• Members receiving a disability benefit prior to Jan. 1, 2014, will have continued access to health care coverage based on the annual review and approval of their disabled status. Allowance will be determined in the same way as an age and service retiree. If recipient does not meet minimum age and service requirements, the minimum allowance will be used. • Members first receiving a disability benefit on or after Jan. 1, 2014 will have coverage during the first five years of disability benefits. After five years, recipient must meet minimum age and service requirements or be enrolled in Medicare to remain enrolled in the OPERS plan. If enrolled, allowance will be determined in the same way as an age and service retiree.
Delayed Enrollment (Applies to all recipients)	• Retirees may delay entry into the OPERS health plan. Allowance will be determined based on their years of service at retirement and age at enrollment.
Elected withdrawal	• Retirees who voluntarily elect to withdraw from the OPERS health care plan on or after Jan. 1, 2014, cannot re-enroll. This rule does not apply to retirees who return to public employment and are required to enroll in the employer's health care plan.
Minimum Earnings (excludes those with a retirement effective date prior to Jan. 1, 2014)	• Beginning Jan. 1, 2014, contributing service credit for health care will be accumulated only if the member earns at least $1,000 per month. • Health care eligibility based on the minimum earnable salary will not be prorated. • Credit earned prior to January 2014 will not be affected by this change.

Component	Changes
Income-Based Discount	• An income-based discount will be provided for those participants who have a household income at or below 200 percent of the Federal Poverty level and at least 20 years of service. Qualifying participants will receive a 30 percent discount on premiums for the OPERS Health Plan.

** Health care eligibility requirements will begin Jan. 1, 2015. This means, if your effective date for retirement is Jan. 1, 2015 or later, you must have at least 20 years of qualifying service and be age 60 or have 30 or more years of qualifying service at any age to qualify for OPERS health care coverage. In future years the Board may raise this.

Changes to applicable service credit for health care eligibility will take effect Jan. 1, 2014. This means any noncontributing service you have purchased will not apply to your health care eligibility nor will it apply in determining your health care allowance if your effective date for retirement is Jan. 1, 2014 or later.

This document reflects information as of the date listed herein. There is no promise, guarantee, contract or vested right to access to health care coverage or a premium allowance. The Board has the discretion to review, rescind, modify or change the health care plan at any time.