

**SPECIAL EDITION**  
Employer-Specific Legislation  
Advocacy Plan

# EMPLOYER Outreach

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM



## Employer-specific Pension Legislation Advocacy Plan: Review carefully and act by May 10

By the end of April, all OPERS members will have received this letter from Karen Carraher, OPERS' executive director.



The information clearly states the need for all OPERS members and retirees to encourage the state of Ohio's legislators to support and facilitate passage of the proposed recommendations for pension reforms.

As an employer, we need your support. Please support this initiative personally and encourage support within your employee ranks.



**Ohio Public Employees Retirement System**

April 30, 2012

Dear OPERS Member:

We need your help. More than two years ago, OPERS proposed modifications to the pension plan which would help keep us strong and would enable OPERS to continue to provide health care coverage. These recommendations have not yet been passed by the Ohio General Assembly. The Ohio Senate has expressed an interest in passing pension legislation soon, perhaps before the legislature recesses for the summer. The Ohio House of Representatives has indicated its intent to wait for the outcome of the independent review currently under way in the Ohio Retirement Study Council (ORSC). We are encouraged by the activities of both bodies.

With that said, we are asking you to take action to demonstrate your support of OPERS' recommended changes and help us preserve your benefits.

**What we are asking you to do**

OPERS needs legislative action this year, and we would like you to remind your elected officials why this issue is so important to you and your retirement system. We have enclosed a postage paid postcard designed to show support of proposed pension plan changes currently before the legislature.

**Why changes are necessary**

Changes to the pension plan are necessary to maintain pension fund solvency as required by law. They will also allow us to maintain adequate health care coverage for OPERS retirees—current and future. Delays in the legislative process have caused OPERS to forfeit more than \$700 million in potential savings—that's nearly \$1 million per day.

In addition, the passage of pension legislation is critical for OPERS to continue offering access to health care coverage to current and future retirees. Health care is expensive, and the cost to provide retiree health care coverage continues to rise every year. OPERS is currently developing changes to the health care plan. However, if pension legislation is not passed in 2012, we will have to develop more far reaching health care changes which will reduce our annual health care expenditures by more than two-thirds. This will impact both current and future retirees.

**Your support is critical**

Your support is critical to prevent further delay. Please let legislative and governmental leaders know that you support the changes proposed by the OPERS Board and that legislative action is necessary in 2012. Here's what you can do: Sign and mail the enclosed postcard or go online to [www.opers.org](http://www.opers.org) and sign the online petition. If you would prefer to send a letter, we have posted a letter of support on our website for your convenience. OPERS will deliver all postcards, letters and the online petition to your legislators to show the popular support for legislative action in 2012.

Sincerely,

Karen Carraher  
Executive Director

You can review the details of our Board's plan, and more reasons why the recommended changes are necessary, by visiting the Special Coverage section on our website at [www.opers.org](http://www.opers.org).

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Postcard to legislators for employees to sign

## Employer Action Plan

Why is your support critical? Right now, a potential window of opportunity has been identified for the OPERS-recommended pension legislation to be in 2012. However, we need visible stakeholder support to help achieve positive action for the legislation. Consider these facts:

- The OPERS-recommended pension reforms have been pending since 2009.
- Each day legislation is not passed costs OPERS approximately \$1 million in savings.
- If the legislation has to wait beyond 2012, drastic health care changes will have to be announced by the OPERS Board of Trustees in 2013 to begin in 2014 to help address potential shortfalls in pension funding. These more drastic reductions will impact current retirees and future retirees. Estimates indicate the more drastic reductions to the health care program would cut the health care program expenditures by about two-thirds of the current level.
- Moderate pension reforms have a compounding effect—meaning staggered, incremental changes can have a significant impact. The OPERS-recommended changes have the least impact on those nearest retirement.

### What you need to do

	Employer action checklist:	To do by:
<input type="checkbox"/>	Review this publication to know all the facts (Additional information always available at <a href="http://www.opers.org">www.opers.org</a> )	NOW
<input type="checkbox"/>	Review the postcard to Ohio legislators (If you are not the right person from your organization to sign, please hand-carry this kit to the right person.)	NOW
<input type="checkbox"/>	Send to OPERS	No later than May 10*

### Looking for additional ways to support this important legislation?

- Review or request a supply of member-specific materials online (or sent).
- Consider promoting the passage of legislation via your organization's newsletter or website.
- Host at your site for your employees or attend an OPERS town hall meeting (see website for details).

*\*All letters of support will be taken to the Ohio Legislature by OPERS.*

	Employer action checklist:	To do later...
<input type="checkbox"/>	Continue to monitor the progress of this important legislation.	Ongoing
<input type="checkbox"/>	Visit OPERS to sign the online petition	NOW
<input type="checkbox"/>	Encourage employee involvement: <ul style="list-style-type: none"> <li>• Make sure employees know about this issue and the online petition</li> <li>• Use petition on back to gather signatures</li> <li>• Encourage signing of the OPERS online petition</li> <li>• Encourage employees to sign their member postcards received with letter from Karen Carraher</li> </ul>	NOW-May 10

## Pension Legislation Overview

### Here's a brief overview of the OPERS-recommended pension reform

Here are some of the recommended changes, designed to strengthen the System for the future. More detailed information, including exact information about the transition groups, is always available via the OPERS website at [www.opers.org](http://www.opers.org).

Age-and-Service Eligibility (unreduced benefit):

- General: Age 55 with 32 years of service or age 67 with five years of service
- Law: Age 52 with 25 years of service or age 64 with 15 years of service
- Public safety: Age 56 with 25 years of service or age 64 with 15 years of service

### Benefit formula (unreduced benefit):

- General: 2.2% x final average salary for all years of service up to 35 years; 2.5% thereafter
- Law: No change
- Public safety: No change

### Final Average Salary (FAS):

Change in calculation from highest three years to highest five years of salary.

### Cost of living adjustments (COLA):

- For members retiring after effective date of legislation Cola will equal the consumer price index (CPI) and cannot exceed 3%.
- COLA begins 12 months after retirement.
- Five-year transition plan for implementation.

### Additional recommended changes:

- Stepped implementation plan for all recommended elements of this pension reform legislation so that those closest to retirement and, therefore have the least amount of time to adjust, will be impacted the least. (The transition plan was modified slightly during February 2012; so if you haven't reviewed the transition plan lately—please do so.) Complete information on OPERS member groupings can be found on the OPERS website.
- Disability retirements will be adapted to industry-accepted standards for eligibility determinations and exclude disabilities resulting from felony or elective cosmetic surgery. Additional disability changes to eliminate potential abuse and unfair subsidies.
- Limit spiking, defined as formula retirement calculations based on unusually large final salaries rather than career contributions. (Anticipated to impact about 2% of all members.)
- Give OPERS Board of Trustees authority to set combined service time for retirement, mitigating rates, refund policies, Med B reimbursement and other corrective changes.

See full list of proposed changes on the OPERS website.

EMPLOYER **Outreach**



## Help OPERS work to preserve your retirement benefits

Employers are asked to copy and post this petition for signatures in a prominent place and encourage employees to sign; fax to OPERS.

### Situation overview

Recognizing a looming fiscal crisis, in 2009 the OPERS Board of Trustees proposed changes to the pension benefit plan. These changes are necessary to maintain pension fund solvency and adequate health care benefits for OPERS retirees.

The passage of pension legislation is also critical to continue offering access to health care coverage to our retirees. If pension legislation is not passed in 2012, OPERS will need to recommend far-reaching changes to avoid completely spending down the balance in the health care fund—specifically, we would need to eliminate the health care allowance for current and future retirees.

### Action requested: Sign this petition

As a voter and OPERS member, your benefits are at-risk. Here is an opportunity to let legislative and governmental leaders know of your support for OPERS' recommended plan change—and that legislative action is necessary in 2012.

Protect your retirement security by helping OPERS keep pension plan changes at the forefront of the General Assembly's legislative agenda.

Please sign this petition as a show of your support and as a demonstration that legislative action is necessary.

**Your name**

**Home address**

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