

EMPLOYER Outreach

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM



Elections approaching—employer assistance requested



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All OPERS-reporting employers are asked to promote the upcoming elections for three seats on the OPERS Board of Trustees (those elected also serve on the Deferred Compensation Board of Trustees). The elections are slated for September 2013; those elected will serve four-year terms beginning in January 2014.

About the Board

The OPERS Board is comprised of 11 trustees—seven individuals are elected by the specific group each represents. Five individuals represent employee groups and two represent retirees. Three individuals with investment expertise are appointed by Ohio’s Governor, Treasurer and jointly by the Speaker of the House of Representatives and the President of the Ohio Senate. The Director of the Ohio Department of Administrative Services also serves on the Board of Trustees by virtue of office.

Three seats up for election—two are employee representatives

The three seats up for election in 2013 include one representative for each of the following groups:

- **Miscellaneous employees—** Representing those employed by a park district, conservancy district, sanitary district, health district,

township, metropolitan housing authority, state retirement board, public library, county law library, union cemetery, joint hospital or institutional commissary with the state of Ohio (approximately 48,825 employees).

- **County employees—** Representing those employed in a job by a county in Ohio (approximately 89,859 employees).
- **Retirees—**One of two seats representing approximately 157,600 age-and-service and disability retirees.

Interested in nominating or being nominated?

Under Ohio law, candidates seeking election to a Board seat representing an employee group are required to:

- Obtain a minimum of 500 signatures from active members within their employee group.
- At least 10 different counties must be represented by a minimum of 20 signatures each.

Nominating petition packets were mailed to employers on Friday, June 14, for distribution to interested candidates. Packets will also be available at OPERS, 277 East Town Street, Columbus, Ohio and on the OPERS website, www.opers.org.

These packets contain official nominating petitions and all other necessary forms to be completed by the candidate. Petitions must be received at the OPERS office no later than 4:30 p.m., Monday, Aug. 5, 2013. Petitions postmarked on this date, but received later, are invalid.

The polls are open...

All affected employees (miscellaneous and county employees) will receive voting materials by mail. Here are the important dates to remember for 2013:

- Materials will be mailed on Aug. 21, 2013.
- All votes must be received by Friday, Oct. 4, 2013.
- Votes will be tabulated Monday, Oct. 7, 2013 at the OPERS building under the direction of the Secretary of State.

Every single OPERS member and retiree is represented by a Board member. Members of the Board of Trustees serve four-year terms. That means that every four years members and retirees have the opportunity, and the responsibility, to select their Board representative.

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Elections *(continued)*

Board commitment

On average, a Board member can expect to spend a minimum of 40 working days each year involved in Board business, education or planning.

- The OPERS Board of Trustees meets on the third Wednesday of each month in Columbus to review and formulate policies concerning OPERS.
- Board committee meetings are generally scheduled on the Tuesday of the month before regular Board meetings.
- New Board members must complete an orientation program within 90 days of being sworn in.
- Board retreats are scheduled once or twice each year for strategic planning or other special projects.

- Attendance is at one or two conferences for continuing trustee education may be desired in certain years.
- OPERS' Board members also serve on the Ohio Deferred Compensation Board of Trustees. This Board meets six times per year on a bi-monthly schedule and also plans a one-day retreat each year.

Board members are not penalized for absence from their regular employment while attending authorized Board meetings. Board members receive no additional compensation; however, reimbursement is made for necessary expenses while serving the System. Most importantly, those who serve know they are representing colleagues as important decisions for the future of OPERS are made. ▲

From state to townships, smart employers choose online options

More and more, large and small employers are choosing to report and pay retirement contributions electronically. Consider the facts:

- In 2012, 59 additional employer organizations signed up for ECS—as of today, OPERS has less than 10 percent of all employer entities still reporting on paper.
- In the past 12 months, 148 employers signed up for online payments. That figure includes the state of Ohio—OPERS' largest reporting employer, representing more than 260 entities and approximately 52,000 employees. Working to be fiscally prudent, the state recognized the cost

benefit and timely process delivered by paperless payments and chose electronic payments in 2012, and migrated officially in 2013.

Still not on paperless payments?

The benefits of paperless payments are clear. We know employers to be responsible public administrators, and this is a cost saving option. We encourage you to consider these facts:

- *Electronic payments provide enhanced security*
Electronic transfers of funds are encrypted and simply cannot be lost in the mail, altered or stolen.

- *Employers control electronic payment timing*
Employers always have absolute control with online payments—meaning you determine when your funds are released, how much is released, and from which account. Electronic payments ensure your organization has the most interest-generating days for your funds.

You may be signed up

If you're reporting via ECS, you're already signed up for electronic payments—but the function still needs to be activated. If you're interested in exploring the option of electronic payment for retirement contributions, contact your employer account representative today. ▲

Super summer reading

Looking for riveting reading this summer? OPERS has some suggestions. Of course, we're biased, but we believe these three should be at the top of your summer reading list. The fact is that OPERS works to provide easy-to-use and easy-to-access information for all stakeholders—members, employers and all Ohioans who believe in the importance of a strong retirement system as an economic engine. These three documents will provide you with important information so that you know what OPERS is doing as your steward for retirement contributions AND what members and employers can do to help ensure both the health care fund and the pension fund stay strong.

2012 Comprehensive Annual Financial Report (CAFR)

At almost 200 pages, the 2012 CAFR has significant, detailed information about the System's goals, actions and achievements. Not exactly light reading, but extremely informative. What should you look for?

- The 2012 CAFR highlights the landmark pension legislation of 2012 as one of the six keys to retirement security. Learn more about the pension legislation, all 2012 accomplishments, financial reports and statistics for the past 10 years. Take your time with the Executive Director's Letter of Transmittal, a plain-language interpretation of all things 2012—

and goals for 2013.



2012 Summary Annual Financial Report

This is a quick read that provides invaluable information about the System and the 2012 accomplishments covered in depth with the CAFR. This document is ideal for your employees who may want information, but on a summary level. This summary annual report provides a plain-language review of OPERS' achievements, goals, benefits, investment results and economic impact. We recommend employers promote the summary report to all employees (and retirees) who want information.



Health Care Report


OPERS is required to file an annual health care report with the Ohio Retirement Study Council (ORSC). For 2012, OPERS chose to view the health care report as an opportunity to educate and communicate with all stakeholders. The *2012 Health Care Report* is written in plain language and gives you a point-in-time snapshot of the finances, changes and anticipated future of the health care fund—and what members and employers can do to help ensure the long-term status of the health care fund. Although health care coverage is neither mandated nor guaranteed, OPERS is working diligently to maintain meaningful health care coverage for current and future retirees. Filled with facts, this report could serve as a valuable recruiting tool for employers.



All Available to you

The 2012 *Comprehensive Annual Financial Report* was presented to the OPERS Board of Trustees at its May meeting. Print copies have been sent to all stakeholders who requested the document. The CAFR is available in its entirety electronically at www.opers.org.

The *Summary Annual Financial Report* is available online as of June 30, 2013. In addition, a limited number of print copies are available. You may request those via the Employer Call Center (members should contact the Member Call Center).

The Health Care Report has been presented to the ORSC by the mandated deadline of June 30. The document is available online at www.opers.org. 

Employer Resources

Employers need to know about Early Retirement Incentives (ERI)

The level of details involved with processing early retirement incentives are compounded by changes required by the 2012 pension legislation.

As a quick reminder, employers are encouraged to know and remember:

- ▶ After January 1, 2014, for employees retiring under an ERI with a benefit effective date of January 1, 2014 or later, the ERI time *will not count* toward health care.

You'll want to be knowledgeable about this information as you discuss the ERI with your employees.

We're here to help: [Webinar available](#)

Effective immediately, a webinar is available to help educate employers on early retirement incentives. The webinar walks you through the process and the rationale for the changes. As with all OPERS educational offerings, the webinar is free of charge. Go online to view times and to register at www.opers.org.

Service purchase opportunity—what employers might see

The deadline for employees seeking to use the unique service credit purchase opportunity was July 7, 2013. That was the final day for your employees to initiate the purchase for specific types of past service credit *at the pre-2012 legislation rate*. This service credit purchase could be significant because the service credit purchase will count toward retirement benefits (although it may not count toward health care).

As a reminder, as an employer entity, you may begin to see invoices for former employees—seeking to purchase past service credit (i.e., BWC, Interrupted Military, Non-contributing Unreported, and Non-contributing Elective). The pension legislation provides for employer contributions to be remitted for employees by the employer at the time the service credit or worker's compensation was earned—that will not necessarily be the employee's current employer.

GASB update: Almost 75% of all employers responded

Implementation is just around the corner for the new Governmental Accounting Standards Board (GASB) reporting requirements. The new reporting requirements are extensive, and become effective for OPERS-reporting employers beginning with fiscal years ending on or after June 15, 2015. Therefore, implementation will begin in 2014.

OPERS began working first quarter 2013 to help ensure employers will be compliant with the new GASB-reporting requirements by the implementation date. We've made significant progress. To complete the necessary test implementation, OPERS requested all employers supply specific information. You responded. Nearly 75% of all employers responded to the questionnaire—all others were either contacted or online data was reviewed to obtain the necessary information that will ensure an accurate test implementation.

On target

To satisfy the new GASB reporting requirements, OPERS is calculating the unfunded pension liability allocation for each employer. This information will be completed for all 3,700 employer entities for inclusion on employers' financial statements as of the implementation date.

Check it out: [Employer Tools](#) provides self-serve educational opportunities

We know processing of retirement contributions may seem somewhat complex for new employees—and for employers when faced with the task of training new or reorienting established employees. Employer Services can help. Visit the OPERS website at www.opers.org. Click on Employers, then select Employer Tools.

At that page, you see a variety of tools and resources designed solely with employers in mind. Most importantly, you'll see the information will help educate your employees, online and at your work site, to eliminate down time. You'll also see a form where you can identify specific training for your staff or employees. Your staff can learn all about payroll reporting procedures and other information whenever the information is needed—not wait days, weeks or months for a scheduled seminar. You'll also find the complete and up-to-date *Employer Manual*, orientation tools, and an easy-to-use retirement contribution reporting date calculator—all designed to make your retirement contribution reporting accurate and timely.

Employer Resources

National Save for Retirement Week: Plan now for October 20-26

Since 2006, the U.S. Congress has designated the third week in October as National Save for Retirement Week—a week designed to highlight for all employees the importance of saving for retirement while still in the workforce. OPERS embraces, and encourages all public employers to support, the goals of National Save for Retirement week. Specifically, the goals are to help make employees more aware of:

- The importance of personal actions to take during their working career including reducing debt, adopting healthy lifestyles, and contributing to personal savings.
- The benefits of compounding that can be gained by saving for retirement early in a career.

Resources online

Employers will find extensive information and resources available online including a timeline for activities (begins in July); prototype communications including messages, speeches, articles; and examples of outreach

"After all, employers who choose to promote National Save for Retirement Week are really committing to the financial security of their employees—the activities and awareness will reap rewards for years to come."

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materials including banners, posters and presentations. In fact, so much information is available online that the only thing employers really need to do is to commit to promote the week. After all, employers


Get Started Now

Just like saving for retirement needs to start early, employers need to start now to make National Save for Retirement Week a significant learning event for employees. To get started, simply plug National Save for Retirement Week into your online search engine to view the local and national resources available to you.

Employing independent contractors? Know these facts...

The 2012 pension legislation limits the time frame in which individuals may request a membership determination for work performed in the past for a public employer. Refer to the *Employer Notice* on opers.org for additional information.

In addition, the legislation requires employers to take specific actions with individuals who have performed or will perform work for which no retirement contributions have been or will be remitted. Simply put, the law requires employers to provide information to ensure these individuals understand and acknowledge exactly what their status is regarding OPERS membership. These actions are important and actually protect employers from what could be significant liabilities. If an individual proves membership status should have been extended for work performed, and the employer cannot provide specific documentation, the employer could be liable for all employer and employee contributions, plus interest.

Employers who are considering classifying an individual as an independent contractor or other classification for which no retirement contributions will be withheld are encouraged to contact Employer Services to request a determination prior to employment. Employers should also consult with their legal counsel on how best to implement/comply with their statutory obligations. 

Thinking of privatization? Make sure you know all you need to know

The trend toward privatization is receiving unprecedented activity. If your organization is considering privatization, we encourage you to fully understand the impact privatization may have on your pension responsibilities.

A few facts about privatization

Employers can privatize a function, department, or an entire entity. Employees who transitioned without a break in service to a privatized entity and who continue to perform the same, or similar work, as they did for their public employer are carryover employees. Carryover employees, and their public employers, have specific pension obligations.

Employer obligations

Employers must take specific steps to protect their now-carryover employees' OPERS accounts. Specifically:

- Employers must inform OPERS about the privatization prior to the transition occurring because employees have only 90 days to opt out of OPERS.
- Employees who do not opt out of OPERS membership must have contributions withheld from their earnable salary on a post-tax basis and must also pay Social Security. *This means that...*
 - Employers who do not inform OPERS until after the 90-day window will significantly impact carryover employees because those carryover employees must have OPERS contributions as well as Social Security deducted from their pay.

- Public employer responsibilities may continue after privatization:
 - The public employer remains liable for retirement reporting, contributions and any penalty or interest charges if applicable.
 - Beginning January 1, 2014, all public employers that privatized must take ownership of the reporting and payment function for any resulting carryover employees. This change ensures the public employer remains knowledgeable of any reporting or payment issues. The exchange of information and funds between the private and public entity is under control of the local entities. Public employers who have privatized will be contacted in the near future to discuss in further detail the transition to reporting and payment.

Employer Services can help

Employers are encouraged to be knowledgeable about all aspects of privatization, including how letting deadlines lapse will negatively impact your employees. Employer Services is available to help you in any way we can. If you're considering privatization or if you're responsible for the pension reporting for your entity, contact Employer Services as soon as possible—we can help you understand all the facts. ▲

Board service in action—newest seminar designed at Board request

Does your organization process elected officials' retirement contributions? If you answered yes, read on.

Employer Services is offering a new web-based seminar available in September. The seminar is designed specifically to position those employers that have elected officials' on payroll to know all pertinent information about processing elected officials' retirement information.

Board member action

This seminar is a unique offering, suggested by OPERS Board of Trustees member, Matt Schulz, representing

state employees. He understood the need to help employers with this employee population—and so this seminar was developed. Most importantly, the seminar is available to employers *prior to the upcoming* election season.

Ready...set...sign up

As with all OPERS-sponsored seminars, the seminar is free of charge, but registration is required.

- Simply sign on to OPERS.org,
- Click on Employers, then...
- Click on Seminars. ▲

Info to Go

- Changes to reporting frequencies:** Due to the legislated changes in minimum earning thresholds, as of January 1, 2014, OPERS will not accept contribution reporting frequencies less frequent than monthly. We know this will impact fewer than 115 employers; Employer Services will reach out to all identified employers. If your employer entity reports more often than monthly, look sharp for important information coming your way.
- Large Earnings project update:** Many employers were touched by the large earnings project launched in 2012. Was cleaning up the large earnings issue important? We think so; take a look at the results:
 - More than 91,000 employees had large earnings inquiries—meaning that many accounts could have had errors. (What this *really meant* was more than 91,000 employees might have been making retirement decisions on erroneous data—something no one wants.)
 - Of those queried, approximately eight percent were rejected—meaning the large earnings reported were not pensionable, resulting in...
 - Almost \$1 million refunded, meaning that, compounded, \$5 million (annually) in unearned pension benefit was saved.

We want your employees to receive every penny of pension benefit they've earned—but no one should

"We want your employees to receive every penny of pension benefit they've earned—but no one should receive that which has not been earned."

receive that which has not been earned. Pensionable earnings are clearly defined by statute. Hence, the large earnings project to make sure employers and

OPERS are compliant with the law (and to make sure employees are making accurate retirement decisions.)

Employers with perfect scorecards


Some employers just do it right. Here's a list of the top 10 employers with zero large earnings issues.

City of Euclid	Jefferson Metropolitan Housing Authority
Seneca County	City of North Ridgeville
City of Piqua	City of Independence
Putnam County	City of Worthington
City of Streetsboro	Stark Metropolitan Housing Authority

Not on the list? Rest assured, approximately 467 employers (of 3,700) had no actual large earnings rejections, but most of these employers basically had no large earnings reported. The list of employers above represents those employers with a significant number (sometimes almost 200) of large earnings that were reported completely accurately, with no rejections.

OPERS-specific ID project to deploy in August

Employers were notified (via *Employers First* to keep you informed) that OPERS members—your employees—would be provided an OPERS-specific identification number. The project was scheduled for May 2013. However, emerging priorities and the testing process to ensure accuracy have delayed the project slightly. Here are a few updates and reminders we bring to your attention:

- Currently, we anticipate the project will be deployed in August.
- The reason for the project remains valid: To provide member security when dealing with sensitive financial information.
- OPERS-specific identification number is to be used for member—OPERS contact only.
- Employer—OPERS contact will still require use of Social Security numbers. (We are confident our security measures will protect sensitive information.) 

In the news


Both the OPERS Board of Trustees and the Leadership Team have filled openings in the past quarter. Employers are encouraged to get to know new Board members Heather Link, Frank Ciotola and the new Finance Director Jennifer Starr:

Heather Link has been named to the OPERS Board of Trustees, representing college and university employees. Ms. Link is uniquely qualified to serve on the OPERS Board. Currently, she holds the position of associate secretary of the OSU Board of Trustees, a position she took in 2012. As such, she is the senior fiscal officer and human resources officer for the OSU Board of Trustees, and manages all operational and oversight functions.

Ms. Link has been employed at OSU since 2006, when she was tapped for the position of operations and program manager at OSU's Center for Microbial Interface Biology. From 2010-2012, she served as assistant director of research for the OSU College of Medicine, Office of Health Sciences. While at OSU, Ms. Link earned her MBA from the Fisher College of Business.

Jennifer Starr has been named OPERS' Director of Finance, as of April 2013. As such, she is responsible for the oversight of the System's financial information, including financial statements, budgets, and investment accounting. Additionally, she is responsible for managing the System's relationships with employers and the administrative support areas of the organization.

Ms. Starr has established a significant career in finance and accounting. Prior to coming to OPERS, she served as a senior manager of Assurance & Business Advisory Services for PricewaterhouseCoopers. She started her career at a public accounting firm providing audit and assurance services to various clients including colleges and universities, governmental entities, employee benefit plans, financial institutions, and other non-profit organizations.

Ms. Starr maintains the CPA certification for both Ohio and West Virginia. She earned her BA in accountancy from Washington and Jefferson College. 

Frank Ciotola was named by Gov. John Kasich to serve a three-year term as the governor-appointed investment expert. Mr. Ciotola's three-year term began June 19, 2013; he has taken the position formerly held by Lennie Wyatt, who left the Board September 2012.

An independent financial planner and investment advisor, Mr. Ciotola ran a successful family business prior to joining Everhart Financial. Mr. Ciotola is no stranger to board and community service. A noted businessman, he joined the National Federation of Independent Businesses as a board member in 1994, and served as state chairman from 2003 to 2006. In addition, he currently serves as vice-president and vice mayor of the Upper Arlington City Council.

Mr. Ciotola is a graduate of The Ohio State University, where he earned a degree in finance. In addition, he holds the Accredited Investment Fiduciary designation, and holds a Series 7 license as well as a state life and health insurance license.

For a current listing of OPERS Board members, please visit www.opers.org

It is your responsibility to be certain that OPERS has your current physical and email address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account. This publication is written in plain language for use by public employers who are subject to coverage under the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney. OPERS is not required to provide health care coverage to retirees or their dependents and will only do so at the discretion of the Board of Trustees.