



Changing Your Retirement Plan

For Members in the Combined Plan



The 11-member OPERS Board of Trustees is responsible for the administration and management of OPERS. Seven of the 11 members are elected by the groups that they represent (i.e., college and university non-teaching employees, state, county, municipal, and miscellaneous employees, and retirees); the Director of the Department of Administrative Services for the State of Ohio is a statutory member, and three members are investment experts appointed by the Governor, the Treasurer of State, and jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate.

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 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 booklet is written in plain language for use by members of 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.

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Members who are eligible to select one of the OPERS retirement plans are also eligible to change their plan once during their public employment.

Members who are not eligible to change their retirement plan selection include those who had accrued five or more years of total service credit as of Dec. 31, 2002, OPERS law enforcement and public safety officers (regardless of the amount of accrued service credit) and OPERS retirees and other state retirement system retirees who return to OPERS-covered employment and contribute to a Money Purchase Plan.

Eligibility to Change Retirement Plans

If you are actively contributing to the Combined Plan, you have one opportunity to change your retirement plan to the Traditional Pension Plan or the Member-Directed Plan.

Each eligible member actively contributing to OPERS has one plan change opportunity which can be done at any time during their career, regardless

of how many times they've changed plans prior to July 1, 2015, and regardless of their amount of total service credit.

It is important to note that changing your retirement plan is not a retroactive change of your initial retirement plan selection; it is a change in the retirement plan you will contribute to going forward. A change in retirement plans will impact OPERS benefits that may be available to you. This leaflet provides only general information about changing from the Combined Plan. Your situation is unique.

Keep in mind, once you change your retirement plan, the change is **irrevocable** and you will not be permitted to change your retirement plan again.



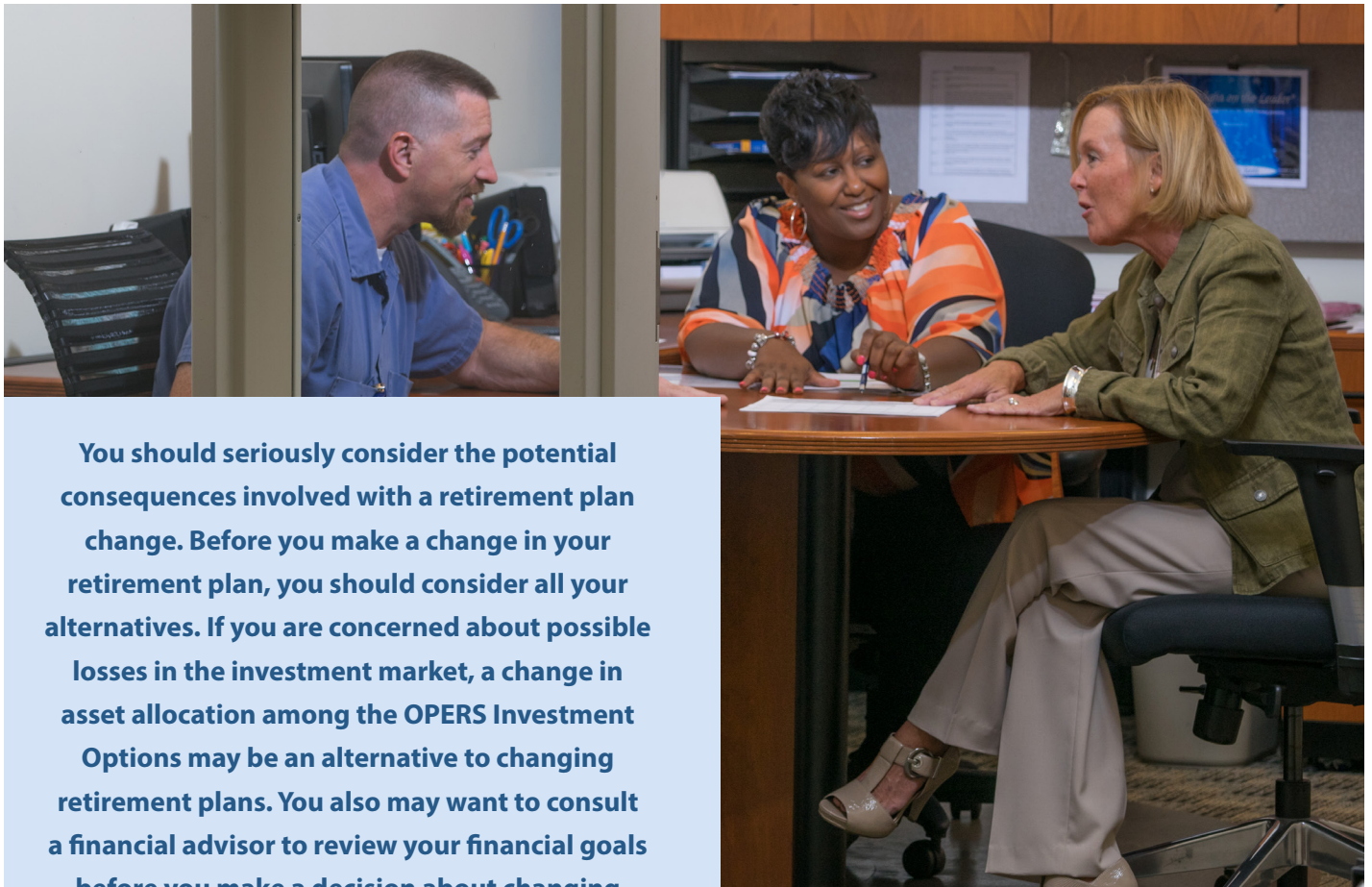
Before changing your retirement plan, you should meet with an OPERS counselor, over the phone or virtually, to make sure you fully understand how your benefits are affected. Call 1-800-222-7377 to set up an appointment.

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Should You Change Retirement Plans?

Reviewing your original plan selection process and reassessing your retirement goals may help you make a decision about whether to change your retirement plan. Each of the OPERS retirement plans offer many features and benefits (refer to the *Plan Selection Workbook* and *Benefits of Membership Handbook* available at opers.org). A number of factors went into your decision to select the Combined Plan and those same factors will also impact your decision to change your retirement plan. For example:

- Do you plan to take a refund or retire from public service in Ohio?
- How long do you plan to be employed in public service in Ohio?
- What benefits are important to you?
- Do you want to continue directing investments in an OPERS individual account?
- Do you have service credit available to purchase?



You should seriously consider the potential consequences involved with a retirement plan change. Before you make a change in your retirement plan, you should consider all your alternatives. If you are concerned about possible losses in the investment market, a change in asset allocation among the OPERS Investment Options may be an alternative to changing retirement plans. You also may want to consult a financial advisor to review your financial goals before you make a decision about changing retirement plans.

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Two Options for Changing Retirement Plans

Changing your retirement plan has important consequences that will impact both the benefits you have accrued under your current retirement plan and the benefits you will accrue under your new retirement plan. If you change to the Traditional Pension or Member-Directed Plan, your benefits under the Combined Plan will stop accruing. You have two options to consider:

Option 1: You can elect to change plans prospectively and start over in the new plan.

Changing to the Member-Directed Plan can be prospective only. Changing to the Traditional Pension Plan can be prospective only if you elect not to purchase your Combined Plan service in the Traditional Pension Plan.

In these instances, you will continue to direct the investment of contributions that went into the Combined Plan and your benefits under the Combined Plan will continue to be administered under that plan. All of your future contributions will be deposited into your new retirement plan. A monthly administrative fee of \$6 will be charged on your account, regardless of the balance. This fee is subject to change. Since you are no longer contributing to the plan, this fee will first be deducted from your member contributions, then your voluntary contributions and roll over deposits.

Option 2: You can elect to purchase your Combined Plan service credit in the Traditional Pension Plan.

If you change plans to the Traditional Pension Plan, you have the option of purchasing service credit in the Traditional Pension Plan that represents your years of contributing service in the Combined Plan. This service credit is referred to as plan change service credit.

If you were eligible to select a retirement plan between Jan. 1, 2003 and June 30, 2003 and you

transferred your accumulated contributions and service credit (which included any purchased service credit) in the Traditional Pension Plan to the Combined Plan, this service credit is referred to as “transferred” service credit. If this applies to you, you may purchase this credit in the Traditional Pension Plan.

If you decide to purchase plan change service credit and, if applicable, transferred credit in the Traditional Pension Plan, your current account value in the Combined Plan will be applied toward the cost of the service credit. The current account value will first be applied toward the purchase of transferred service (if applicable). Any remaining amounts will be applied toward the purchase of plan change service credit. Other restrictions also apply to this purchase.

If you purchased service while participating in the Combined Plan, under certain circumstances, this service may be moved to, or purchased in, your new plan. Contact OPERS for further details.

Each of the OPERS retirement plans is a separate, qualified retirement plan. Contributions and service credit under the OPERS retirement plans are not combined for purposes of determining eligibility for, or calculating, benefits under any of the OPERS retirement plans. Except in certain instances, contributions and service credit accrued under each plan are administered under the terms of that plan.

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Consequences of Purchasing Plan Change Service Credit in Your New Retirement Plan

Purchased Plan Change Service Credit

If you elect to purchase service in the Traditional Pension Plan representing your time in the Combined Plan, the purchase is irrevocable and all service credit in the Combined Plan will be cancelled.

If you elect not to purchase service credit, only the contributions and service credit you earn or purchase in the Traditional Pension Plan after the plan change effective date will be used to determine eligibility for benefits under the Traditional Pension Plan. Any benefits you have accrued under the Combined Plan will still be administered by that plan.

Transferred Service Credit

If you have transferred service credit and you elect to purchase it in the Traditional Pension Plan, it is important to understand how this service credit will be used to determine your benefits.

If you change your plan to the Traditional Pension Plan and purchase transferred service credit, it is:

- Used to determine **eligibility** for and the **calculation** of retirement, disability and survivor benefits under the Traditional Pension Plan.
- Used to determine **eligibility** for access to the OPERS health care program.*
- Used to determine **eligibility** for an additional amount upon a refund from the Traditional Pension Plan.

Plan Change Service Credit

Again, plan change service credit represents your contributing service under the Combined Plan. It is important for you to understand how plan change service credit will be used to determine your benefits under the Traditional Pension Plan.

In the Traditional Pension Plan, plan change service credit is:

- Used to determine **eligibility** for and the **calculation** of retirement, disability, survivor and death benefits.
- Used to determine **eligibility** for access to the OPERS health care program.*
- **Not** used to determine **eligibility** for an additional amount upon a refund from the Traditional Pension Plan. Only contributing service and certain other types of purchased service credit in your new plan may be used to determine eligibility for an additional amount on a refund.

**While OPERS is not required to provide health care coverage by law, OPERS recognizes the important role it plays as part of a secure retirement for participants in the Traditional Pension Plan and the Combined Plan. Not all types of service credit are used to determine eligibility for the OPERS health care program. Refer to the OPERS Health Care Program Guide or opers.org/health-care for details on the program and eligibility.*

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The Cost to Purchase Service Credit in the Traditional Pension Plan

The cost of the service credit in the Traditional Pension Plan is determined by a calculation that represents the additional actuarial liability to your new plan and provides for an equivalent amount of service credit to be purchased in your new plan. It also takes into consideration whether the purchase allows an earlier retirement with an unreduced benefit. All cost calculations are subject to change by the OPERS Board of Trustees.

Upon request, OPERS will provide you with an estimate of the cost to purchase plan change service credit and, if applicable, the cost to restore any transferred service. Keep in mind the value of your Combined Plan account fluctuates daily, so the actual dollar amount you will have available to apply toward the purchase cannot be determined until the vested account balance is liquidated in the Combined Plan.

Paying for Service Credit in the Traditional Pension Plan (for plan changes after July 1, 2015)

If you are plan changing to the Traditional Pension Plan, you will have 60 months to make payments toward the service purchase after OPERS transfers the prior funds to the new plan. After the 60-month period, any remaining service credit can be purchased by one additional payment that will be based upon a recalculation of cost at the point in time of the request. Any service credit not purchased is forfeited.

If the amounts available in the Combined Plan are more than the cost of the service credit in the Traditional Pension Plan, **you have two options:**

First, you may leave the remaining balance in the Combined Plan and continue to direct the investments of those funds within your individual account. The remaining balance in the Combined Plan will be reclassified as a rollover

and will have no corresponding service credit. A monthly administrative fee of \$6 will be charged on your account, regardless of the balance. This fee is subject to change. Since you are no longer contributing to the plan, this fee will first be deducted from your member contributions, then your voluntary contributions and roll over deposits. Also, your account will continue to be subject to investment gains and losses.

Or, you may transfer the remaining balance to the Traditional Pension Plan. The excess money will be deposited into the Additional Annuity Program and managed by OPERS. Please see the *Additional Annuity Program* leaflet, available at opers.org for details.

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Paying for Service Credit in the Traditional Pension Plan by Post-Tax Payroll Deduction

Requirements for Post-Tax Payroll Deductions for Plan Changes Effective on or Before July 1, 2015

Term of payments - If you elect to pay for your remaining service credit using post-tax payroll deductions, the minimum monthly payment must be the greater of \$100 or the amount necessary to purchase your service credit over a period of 60 months. The duration of your payments is the lesser of 60 months or the time it takes to purchase your service. The 60-month term starts with the date you make an initial payment. An "initial payment" is either your first payroll deduction or your first partial lump sum payment, whichever comes first.

Minimum payment amount - Interest begins accruing from the date the initial payment is made. Every monthly payroll deduction must be an amount necessary to pay the monthly interest and purchase a minimal amount of service credit. Any payroll deduction that does not purchase a minimal amount of service credit will result in your payroll deductions ceasing and you will forfeit the remaining amount of service credit and will not be permitted to purchase it at any point in the future.

Consequences of stopping payroll deductions - You must make continuous monthly payroll deductions in order to purchase all the service credit. If you elect to stop your deductions or if the deductions stop for any reason beyond your control, such as termination of your current OPERS-covered position or a decrease in your pay, you will forfeit the remaining amount of service credit and will not be permitted to purchase it at any point in the future.

Requirements for Post-Tax Payroll Deductions for Plan Changes Effective Aug. 1, 2015 and Later

Terms of payments - If you elect to pay for your remaining service credit using post-tax payroll deductions, the minimum monthly payment must be the greater of \$100 or the amount necessary to purchase your service credit over a period of 60 months. The duration of your payment is the lesser of 60 months or the time it takes to purchase your service. The 60-month term begins with the transfer of funds from your prior plan. After the 60-month period, any remaining service credit can be purchased by one additional payment that will be based upon a recalculation of cost at the point in time of the request. Any service credit not purchased is forfeited.

Minimum payment amount - Interest begins accruing from the date the transfer of funds is applied. Every monthly payroll deduction must be an amount necessary to pay the monthly interest and purchase a minimal amount of service credit. Any payroll deduction that does not purchase a minimal amount of service credit will result in that deduction being returned.

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Making your Plan Change

To begin the plan change process, you must contact OPERS to request the appropriate form and a cost estimate to purchase service credit in your new plan. You also can request a form during a plan change counseling session with an OPERS representative.

Once OPERS has received the properly completed form, your retirement plan change will be processed and will take effect on the first day of the month following the date it was received. For example, if your plan change form is received on July 15, your plan change will take effect Aug. 1. Employee and employer contributions for payroll period end dates occurring after the effective date of the change will be credited to your new retirement plan.

Once OPERS receives all the contributions for the Combined Plan through the effective date of the plan change, a total statement of cost will be generated so you can decide if you are going to purchase plan change service credit and, if applicable, transferred service credit in your new retirement plan.

When you plan change to the Traditional Pension Plan, you will have 60 months to make payments toward the service purchase after OPERS transfers the prior funds to the new plan. After the 60-month period, any remaining service credit can be purchased by one additional payment that will be based upon a recalculation of cost at the point in time of the request. Any service that is not purchased is forfeited.



Counseling is recommended to provide you with an opportunity to ask questions about the plans. You can meet with an OPERS counselor over the phone or virtually.



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