

# Employer *Outreach*

## Inside this issue

Health Care: Updates..... 1-3

GASB Updates..... 4-5

Overview of changes  
to defined contribution  
plans..... 6

Info to Go..... 7

Reminders..... 8-9

Call for Members:  
Employer Advisory Council  
eyeing second term..... 10-11

Raising pension visibility  
for all public employers..... 12

## Health Care: Updates

*Employers are not expected to serve as retiree health care advisors. However, many employers are trusted resources for recent and soon-to-be retirees. This at-a-glance information provides you with an overview...*

### Health Care Update: What employers need to know for 2016

We recognize the unsettling nature of change—especially during a transition period. That’s why OPERS has provided extensive outreach to ensure all retirees know exactly how to navigate through the modifications to the health care program. Modifications will become effective Jan. 1, 2016 and open enrollment for health care begins Oct. 1, 2015—meaning, specifically, that we are in the transition period for retirees and re-employed retirees. Here are the key points all employers should know:

#### What employers can do

Although we recognize employers remain a trusted resource for many retirees, we

know you are not experts in OPERS retiree health care. If a retiree reaches out to you with questions, please...

- Have that individual contact the OPERS Member Services Call Center.
- Encourage retirees to review information sent directly to them by OPERS (or verify OPERS has the correct mailing address).
- Remind retirees that open enrollment packets will be sent in September—encourage the individual to review information on the OPERS website prior to receiving.
- Recognize that transition can be stressful, but remind retirees that in-person and online seminars are available for both Medicare-eligible and non-Medicare eligible retirees. (For Medicare-eligible retirees, more than 200 sessions have been scheduled in Ohio.)
- Medicare-eligible retirees have an over-the-phone counseling session with

*(continued on page 2)*



## Health Care: Updates

(Continued from page 1)

a licensed benefit advisor from OneExchange to help each enroll in the best plan for their particular situation.

### Is the outreach working?

In a word, yes. Take a look:

- OPERS has identified approximately 156,500 eligible retirees who will be transitioning to the OPERS Medicare Connector. Each of these individuals will have received a call from a licensed OneExchange benefits advisor by the publication of this newsletter.
- More than 50 percent of all in-person educational sessions are filled to capacity. OPERS will continue to add additional sessions to ensure all who would like an in-person encounter have the opportunity to attend.


### Does your organization employ OPERS retirees? (Referred to as re-employed retirees)

A re-employed retiree is defined as an OPERS retiree who is receiving a pension while, at the same time, is employed by an OPERS-covered employer. If the answer is yes, maybe, or not sure...here's information you need to know...

- Employers who are considering hiring an OPERS retiree for an OPERS-covered position should encourage that individual to contact OPERS to be certain he/she has a complete understanding of the impact re-employment could have on health care coverage.
- OPERS has identified approximately 9,000 current re-employed retirees.
- All identified re-employed retirees (both Medicare-eligible and not-eligible) have received detailed health care information.
- Re-employed retirees who are not eligible for Medicare will have a separate plan called the Medical Mutual Interim Plan. The features and coverage for this plan are similar to the OPERS retiree health care plan and their allowance is the same amount as if they were not re-employed.
- Re-employed retirees who are eligible for Medicare will have a choice between enrolling in an individual Medicare plan through OneExchange without an OPERS allowance or enrolling in the group plan (Humana Interim Plan) offered by OPERS with the same allowance amount as if they were not re-employed. Their open enrollment packet will explain each option, including costs.

### Begin empowering employees

Between now and 2016, retirees and re-employed retirees will be in a transition phase for health care. Together, we will successfully navigate this transition. We ask that you encourage your soon-to-be retired employees and re-employed

retirees who may be employed at your organization to look to OPERS for information on health care coverage. For more information and educational opportunities, your employees should visit [www.opers.org](http://www.opers.org). 

#### OPEN ENROLLMENT OCT. 1-31

Open enrollment for OPERS group medical plans and optional coverages is slated for Oct. 1-31, 2015—the selections become effective Jan. 1, 2016. All participants will or have received informational packets with detailed, personalized information. If your re-employed retirees OR retirees ask you for your input, please refer them to OPERS for assistance. Medicare-eligible recipients will also receive detailed, personalized information and should make an enrollment phone appointment with OneExchange as soon as possible.

## By the Numbers

### Importance of OPERS to the Ohio Economy

OPERS is more than secure retirement for Ohio's public employees. The System is an important economic driver for all Ohioans, the region and the nation. Take a look:

#### Who do we serve?

As of year-end 2014, OPERS had more than

one million members

Wow!

This figure includes

203,112

retirees and beneficiaries



The System works with approximately



3,700 public employers

# GASB: *updates*

## Two noteworthy topics

### First, we made it

As promised, and only by working closely with employers (our thanks to all who volunteered for the testing), OPERS provided the proportionate share information for employers via ECS by the target date of June 30, 2015.

The proportionate share information is critical for those employers mandated to use the new accounting standards as provided by GASB 68—specifically, the standards require OPERS-covered employers to reflect a portion of the unfunded pension liability on employer financial statements. However, remember, employers are NOT required to fund that liability beyond the required contribution rate. This is a financial reporting change, not a funding change.

Since 2011, when the new reporting standards were released in exposure drafts, OPERS actively started partnering with employers to ensure all information was available. After years of outreach and testing, OPERS is pleased to note that only a small amount of the 3,700 employer organizations (97 calls and e-mails for clarification through the end of August) have had questions. Employers with questions felt comfortable contacting the OPERS Finance Division directly to work through the data provided and distill the correct information for their organization. Simply put, the OPERS-employer

partnership is working and together we can ensure the GASB-required standards are implemented—on time and accurately. Thanks to all for your partnership.

### Yet to come

Recently, as you may know, GASB announced additional standards that will affect employers. The standard impacting employers, GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires new financial reporting standards for other post-employment benefits (OPEB). OPEB for OPERS is health care. GASB 75:

- Is similar to the pension reporting changes, in that the accounting requirements for financial reporting will be modified—not the funding requirement.
- Requires OPERS to provide proportionate share information on the net OPEB liability to employers.
- Requires employers to include their share of the net OPEB liability on their financial statements.

### Partnering with employers

OPERS views the new standard as especially problematic since health care in Ohio is discretionary. Health care can be modified to ensure the long-term solvency of the fund and the ability to provide future coverage within the funding available. As with

GASB 68, OPERS worked to mitigate the impact on employers by participating with GASB in a test implementation on the exposure drafts, testifying at the GASB hearing and issuing a comment letter to GASB. Although the final standards were not substantially changed from the exposure drafts, OPERS was able to help secure a delayed implementation date in the final standards.

### Timeline

GASB 75 is effective for fiscal years beginning after June 15, 2017—meaning 2018 for most OPERS-covered employers. (The original date was approximately one reporting period earlier.)

### Our commitment

We anticipate the net OPEB liability proportionate share will likely be significant and volatile to employer financial statements, similar to the net pension liability. Rest assured, OPERS will continue to work with employer organizations and bond rating agencies to minimize the negative impact on employers.

OPERS finance professionals have already started detailed assessments on the impact of the new standards so that outreach to employers is reliable, accurate, and delivered in a timely fashion.

Together, we will do it again... 

Nothing average about OPERS members, public employees provide extraordinary services. Here's a snapshot of retirement benefits\* earned:



\*Information from the OPERS 2014 Comprehensive Annual Financial Report

# Overview of changes to defined contribution plans

OPERS works to make necessary changes after extensive evaluation and will generally implement changes using an incremental approach. Throughout 2015, changes have been and will be made to the OPERS Member-Directed Plan and the defined contribution portion of the Combined Plan. The changes are designed to eliminate subsidies created at the time the plans were initiated to ensure plan viability.

The first of the changes became effective July 2015 and included:

- Changed the vesting schedule and contribution rate for the Member-Directed Retiree Medical Account.
- Increased the term to purchase plan change service credit from 180 days to 60 months after the plan change effective date.
- Reduced the number of times a member can change OPERS retirement plans.

Changes effective Jan. 1, 2016 include:


- Changing the allocation of the employer contribution for Member-Directed RMAs and the mitigating rate for the Member-Directed and Combined plan members. Note: The total amount of the employer contribution remains the same.
- Linking the interest rate of the Member-Directed Plan members' RMA interest rate to the annual investment return of OPERS' pension assets.

- Standardizing the administrative fees for defined contribution plans.
- Begins the first stepped increase of the mitigating rate from 0.77 percent to 1.00 percent.

As always, OPERS works to partner with employer organizations to ensure transparency for and understanding of all actions. OPERS has planned significant outreach to keep employers and other key stakeholders informed about these changes. In addition, employers will receive targeted information to help keep your employees informed and to help you make sure all your new-employee onboarding information is accurate.

## Action needed

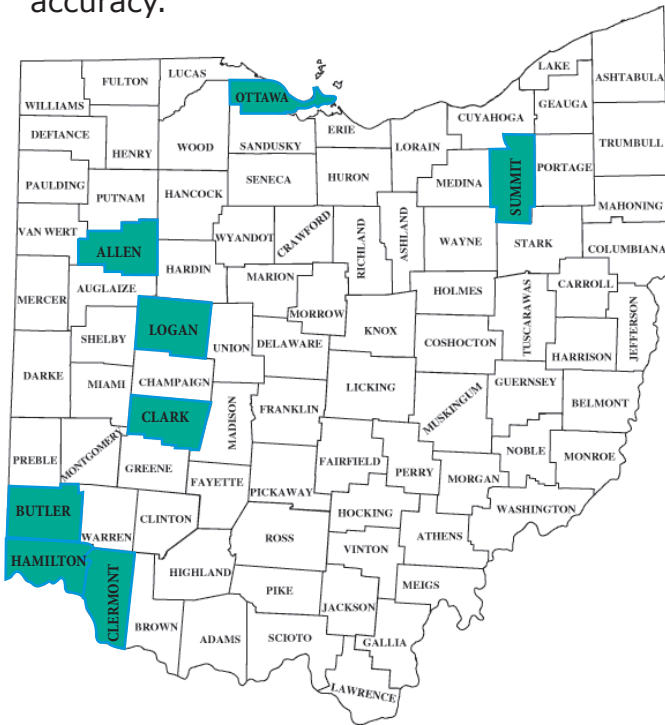
As noted, the overall employer rate does not change, so no action is necessary in terms of remittances. However, if your organization tailors packaged pension information for new employees, please review to ensure accuracy.

OPERS is providing detailed information directly to all members who have selected the Combined Plan or the Member-Directed Plan—some of these individuals may be your employees. If employees contact you with questions, please direct them to the OPERS website, [www.opers.org](http://www.opers.org), where complete information about these changes can be found. 

# Info to go

## All ECS all the time:

Welcoming Allen, Clark, Hamilton, Logan and Summit Counties to the all-ECS list—meaning all public employers in these counties are using ECS. We thank you and your employees and future retirees, for using the technology that enhances accuracy.



## Supreme Court ruling on same-sex marriage:

Due to the recent U.S. Supreme Court ruling finding that all couples have a constitutional right to marry, several features of OPERS pension benefits and health care coverage will be affected. Employees should be directed to [www.opers.org](http://www.opers.org) to obtain specific information as well as any necessary forms. To ensure their spouse is recognized in terms of beneficiary designations and health care enrollment, employees will be required to submit their marriage certificate prior to any updates to their individual account being made.

Regarding health care: Note that any change to health care coverage, if not made by Sept. 25, will need to be completed during upcoming open enrollment for coverage effective Jan. 1, 2016. 🌀



# Reminders

## Accuracy counts—make sure pay period codes are used correctly

Employers are encouraged to ensure all employees who process pension information use the pay period begin (PPB) and pay period end (PPE) codes correctly. This information was recently provided as an ECS Tip of the Month and is being shared here to ensure all levels of your organization understand the importance.

### The PPE codes have the most variety, and cause the most confusion. Here's an overview:

- Retirement notification:  
Use PPE code P
- Employee has terminated employment:  
Use PPE code Q
- Seasonal employees: Use PPE code S (if you do not anticipate they will be on your next Report of Retirement Contributions but the employment relationship is continuing).
- Students working for their college or university (currently attending) who choose to exempt: Use PPE code X
- Employees are being paid in a way that is not considered earnable salary:  
Use PPE code X

### Impact of inaccurate reporting is significant

Inaccurate codes may cause delays when processing retirements because of inaccurate employee account information—and no one wants that to happen. The proper use of PPB and PPE codes ensures your employees transition smoothly toward retirement.

## Annual non-contributing list

The non-contributing list for calendar year 2015 is due on or before to Jan. 31, 2016. Employers are encouraged to begin the process well before the end of the year to ensure the deadline is met. Also, employers should keep in mind that, while the non-contributing list is required annually, non-contributing lists can be submitted throughout the year as individuals begin and end employment or personal services relationships.

Non-contributing individuals are defined as those who are providing services to a public employer but are not making retirement contributions.

### What's needed


All public employers must fill out the Non-Contributing List report (form-NCL) for 2015. The list must include all individuals providing services during the preceding calendar year, for whom you did not provide retirement contributions, including:



- ✓ Any worker not reported to any of the Ohio retirement systems
- ✓ Students who have exempted from membership
- ✓ Independent contractors or workers performing services under personal contracts where no retirement contributions are remitted
- ✓ Elected officials who have not chosen OPERS membership
- ✓ Election workers earning less than \$600 during the calendar year on days where the polls are open
- ✓ Any other individual for whom OPERS contributions are not remitted by the public employer but who has performed work for a public employer

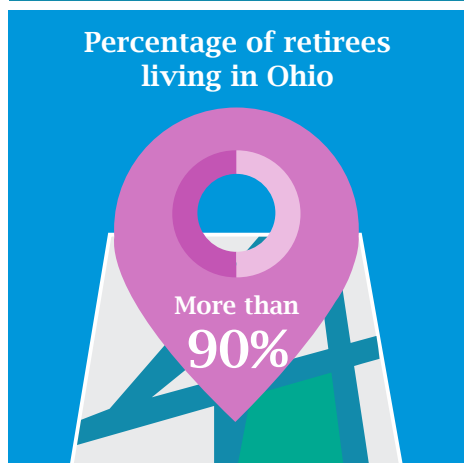
Although the OPERS website ([www.opers.org](http://www.opers.org), Employer Section) provides exact information about how to submit your report and what must be included, be aware beginning Jan. 1, 2016, employers will be required to submit individual's Social Security number.

*In the state of Ohio, form JFS 07048 requires employers to obtain SSNs from individuals entering into personal services contracts within 20 days of the contract or hire date.*

Questions about this report should be directed to your Employer Account Representative at 888-400-0965. 

Where do those funds go? Mostly, retirement funds stay right here in Ohio. \*

## OPERS Funds



\*Information from the OPERS 2014 Comprehensive Annual Financial Report

# Call for Members:

## *Employer Advisory Council eyeing second term*

In 2013, Employer Services initiated an innovative program designed to partner with employers so the business of pensions could be seamlessly integrated into employer organizations. This initiative was the Employer Advisory Council. The council was designed to provide an opportunity for employer representatives to work with OPERS on specific operations-oriented programs that directly touch employers. The Employer Advisory Council is not an advisory group for policy.

The first council comprised 15 employer organizations and represented the 3,700 employer entities with a statistical mix of types of employers (municipalities, state, miscellaneous, townships), size of employer (small, medium, large), and a geographic mix (around the state). The representatives met as needed and were also asked to assist with providing insights to pension business operations and processes. The result? Due to the council's collective efforts, OPERS was able to significantly enhance pension operations for all employers.

This group provided input and insights on:

- Implementation of GASB Statement No. 68
- Operational implementation of legislated changes
- Business process redesigns such as large earnings
- Improved data accuracy in reporting to OPERS, such as census data validation
- Tools for employees – such as the OPERS Retirement Planner

### **Next chapter**

Now, it's time for the council to enter a new chapter—the two-year commitment of current members concludes at the end of 2015. OPERS will continue to target council meetings as needed. (Although the first council met less regularly, members of the council were asked to participate in multiple ad hoc projects right at their site.) As before, the number of meetings will depend on the number of projects deployed in any given year. To ensure continuity of operations and projects, council members will be asked to make a minimum two-year commitment. In addition, employer-members will be encouraged to invite the meeting-topic subject matter experts from their organizations to attend with the main representative.

## Our thanks

These employers gave valuable input that resulted in major initiatives flowing smoothly from OPERS to our partners, Ohio's public employers. Our thanks to the inaugural council members:

- Kent State University
- The Ohio State University
- State of Ohio
- Cuyahoga County Public Library
- Memorial Hospital of Union County
- City of Columbus
- Franklin County Auditor
- City of Lima
- Lorain County Community College
- City of Dayton
- Mahoning County
- Metro RTA Akron

- Knox Area Transit
- University of Cincinnati
- Village of Coldwater

## Interested in serving?

All current members of the Employer Advisory Council are invited to stay with the council for another term. As a result, we do not know how many or which type of employer representative will be needed for the second term of the Employer Advisory Council. However, we are seeking interest through fourth quarter 2015.

If you would like to be considered to serve on the OPERS Employer Advisory Council, contact:

Employer Services at 888-400-0965. 

## A word about investments

OPERS created a special fund designed to invest in Ohio and the Midwest. As of 12/31/2014, OPERS has committed:

**\$700 million** to the program

invested in **69** Ohio-based companies

that employ approximately **9,000**



of the retirement benefit is produced by investment returns on employer and employee contributions that are invested throughout an individual's public career.

# Raising pension visibility for all public employers

For OPERS and employers, we recognize it's critical to reach all employees regarding important retirement decisions made throughout an individual's working career.

## Annual poster provides solutions


We are committed to raising pension visibility for all employees, and employers have responded. Each year, for the past five years, OPERS has produced a poster for employer organizations. The purpose of the OPERS poster has been to remind public employees of the importance of making just the right retirement decisions throughout the active career.

## Employer partnership requested

The poster is produced free of charge

and sent to all public employers. We ask employers to be creative about placing the poster in high-visibility areas such as:

- All sites, if your organization is a multiple-site employer
- Break rooms
- Human resources offices
- Kiosks
- Conference rooms, if used for employee meetings

Employers may order additional posters at no cost. Simply contact your Employer Services representative, or request online at [www.opers.org](http://www.opers.org). 

## The 2015 poster reminds public employees about making retirement decisions throughout all the seasons of their career.

### Retirement decisions are important throughout all the seasons of your career

#### Just a sprig starting out?

- Select the best retirement plan *for you*.
- Register for an OPERS online account.

#### In full bloom?

- **Review and update** your OPERS beneficiary designations at least every five years or with life changes.
- **Stay informed** about the benefits you're earning by reviewing your annual statements.
- **Stay current** by reading newsletters and other OPERS communication you receive.

#### OPERS will branch out to partner with you

- We'll send you e-mail reminders and/or updates when you need to review information.
- You'll find newsletters, your annual statements, and self-service options available through your OPERS online account (if you haven't already, sign up today).

