

OEA Retirement Systems Update **Report to the OEA Board of Directors: May 2013**

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ORSC Recommends Changes to Board Authority Language

Pension reform legislation that passed last year granted board authority to make future changes to pension benefits to four of the five pension systems. The legislation also called on the Ohio Retirement Study Council (ORSC) to study the board authority language and make legislative recommendations. On Tuesday, April 9, 2013, the ORSC received a report on the board authority language and recommended a number of changes.

The ORSC voted unanimously to recommend legislative changes that would require an actuarial review of any proposed changes, prior approval by the ORSC, and consistent authority across the pension systems. Under current law, the SERS Board can make future changes to age and service requirements (SB 341), STRS can adjust age and service requirements, employee contribution rates and cost-of-living allowances (SB 342) and the OPERS Board was not granted authority to make changes (SB 343). Adjustments to these provisions will require passage of legislation.

OPERS Delays Implementation of Some Health Care Changes

The OPERS Board of Trustees voted in March to delay by one year the implementation date of some of the changes to the OPERS retiree health care program. The substance of the changes, adopted in 2012, is not changing—only the timeline for some of the changes to take effect. Below is a list of the major changes with delayed implementation dates:

- Eligibility: Beginning in 2015, members are eligible for coverage at age 60 with 20 years of service or at any age with 30 years of service. Those currently retired are grandfathered. Members must be off the employer's payroll prior to November 30, 2014 to qualify with 10 years of service.
- Monthly allowances: In 2015, monthly allowances will range between 51% and 90% of the monthly premium. The same table will be used for current and future retirees. Members retired prior to the effective date with an allowance above 75% will not have an allowance below 75%. Members with 30 or more years of service will have at least a 71% allowance.
- Spouse coverage: Spouses under age 65 will transition to a \$0 allowance over three years (2015-2017) and will have access to coverage through at least 2019. Spouses over 65 will have access to the OPERS Medicare Connector beginning in 2016. Surviving spouses will no longer assume the retiree's health care allowance.
- Child coverage: If the retiree has at least 20 years of service and is enrolled in the health care plan, children will receive half of the retiree's allowance percentage. If the retiree

has less than 20 years of service, children will transition to a \$0 allowance over three years (2015-2017) and will have access to coverage at full cost through at least 2019.

- Health plans: OPERS will offer a sponsored plan for Medicare-eligible retirees through 2015. In 2016, OPERS will introduce the OPERS Medicare Connector. Retirees will have access to a counselor who will help them select a plan (with a subsidy allowance) in the private market. OPERS will continue offering a medical and prescription plan for non-Medicare participants.

Legislative Pressure Leads SERS Board Members to Scrap Hawaii Trip

Two SERS Board members scheduled to attend a national retirement conference in Honolulu, Hawaii have announced that they will no longer seek reimbursement from SERS for the trip. The SERS Board had endured intense media scrutiny and pressure from the legislature after initially approving the travel expenses. The Board twice failed to pass a motion to rescind the travel for Catherine Moss and Barbara Phillips. A third board member, Mary Ann Howell, had initially been slated to attend but withdrew due to health issues.

On Monday, April 29, 2013, the Joint Committee on Agency Rule Review voted to invalidate the administrative rule that allows SERS to reimburse board and staff travel expenses. To take effect, the General Assembly would have had to act on the invalidation of the rule. The Ohio House was set to take such an action when the two Board members sent word they would no longer seek reimbursement from SERS for the travel.