



UPDATE

School Employees Retirement System of Ohio | September 2017 | MBS-7003

Your Member Annual Statement Is Enclosed with this Issue of the *SERS Update*

Your annual statement shows your total contributions and service credit, as well as your account balance as of June 30, 2017. It also gives you a pension estimate.

In 2013, legislative changes were made to service retirement eligibility requirements. These changes were implemented on August 1, 2017.

Your pension estimate reflects these legislative changes, and is based on your earliest eligibility for a monthly pension based on the single life plan, which pays the highest amount to you during retirement and ceases upon your death. It uses your current total service credit as of June 30, 2017.

Please remember that the figures included on this statement are only estimates. They are based upon your continued employment in a SERS-covered position.

If you have service credit or are buying service credit with another Ohio system, such as Ohio Public Employees Retirement System (OPERS) or State Teachers Retirement System (STRS), it is NOT shown in your total credit. Employer contributions also are not included.

About Your Pension

SERS offers two types of service retirement: unreduced service retirement and early service retirement.

For unreduced service retirement, you earn the maximum pension amount based on your service credit, which is how long you have worked in an Ohio public service job, and final average salary, which is the average of your three highest years of salary.

Early retirement benefits are reduced to cover the cost of providing a pension over a longer period of time.

The Service Retirement Eligibility Requirements chart on your statement

includes eligibility requirements for both unreduced service retirement and early service retirement.

Questions?

If you have a question about this statement, please visit our website at www.ohsers.org and submit your question using the message feature on SERS' secure Account Login, or call SERS toll-free at 800-878-5853.

Remember that you can also check your current contributions and service credit anytime on our website by using Account Login. ■

Cost-of-Living Adjustment (COLA) Changes

On June 30, 2017, Governor John Kasich signed HB 49, which included the changes approved by the SERS Board that modify the structure and method for making Cost-of-Living Adjustments (COLAs). The changes to the COLA had been in SB 151 and HB 242, but were consolidated and added into the state's budget bill.

The final legislation included the following:

1. Changed the System's COLA from a fixed 3% annual increase to a COLA based on the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%
2. Gave the Board the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W; however, any adjustment above or below CPI-W could only be approved if the system's actuary determines it would not materially impair the fiscal integrity of the system, or is necessary to preserve the fiscal integrity of the system

This legislation will allow SERS to address immediate financial challenges and long-term funding goals. Over the next few months, the Board will finalize a COLA implementation plan for the coming years. The plan will be reviewed annually to make sure it adequately addresses SERS' financial goals.

There may be some additional clarification of the Board's authority in subsequent legislation.

Since the COLA was introduced in 1971, there have been eight COLA and ad hoc changes. These included implementing and removing waiting periods, adjusting fixed rates, using a rate tied to the CPI-W, and one-time increases. ■





Less than Half of Ohio Adults Have a Financial Plan

According to Public Policy Polling (PPP), only 41% of Ohio adults have a financial plan for retirement.

- 24% did their own research into the professional's background and services
- 76% said they checked to see if the person was licensed to do business in Ohio
- 17% actually contacted the Ohio Department of Commerce - Securities Division, which is where they would be most likely to verify proper licensing



A recent survey conducted by the PPP for the Association of Financial Counseling & Planning Education (AFCPE) revealed that many Ohioans did not have financial plans because they felt they lacked the knowledge or lacked the money to invest.



When asked how far along their retirement planning was, responses included everything from they had not yet started planning (14%), to they had just started planning (12%), to they started planning but had to stop because the money was needed for something else (23%), to they had a plan and were following it (41%).

To encourage Ohioans to save and invest for retirement, half-a-dozen local and national organizations have banded together to launch the "Building the Bridge to Investor Education and Protection for Ohioans" program.



Of Ohioans without a financial plan, 23% said they did not know enough "to feel comfortable" saving and investing for retirement.

The program features the Detroit Public Television documentary, "When I'm 65," and links financial professionals with community events that foster investor education. The next event is scheduled in the Cleveland area on Thursday, September 14, 2017, from 9:30 a.m. - noon.



More than half of Ohioans did not seek financial help from experts. Fifty-seven percent of those without financial plans thought that using a financial planner or counselor would be too expensive.

Those who attend will gain access to investor education, protection resources, and certified financial experts who will provide pro bono financial counseling and financial planning services.



Also of note, Ohio residents relied more "on word of mouth than checking out the background of a financial professional." Additionally, of those Ohio adults using a financial professional to help with their investments:

This event is free; but, registration is required. Parking is available in an attached garage. If you have questions, please contact smartinfuller@afcpe.org.



- 61% made their decision based on a recommendation from a relative, friend, co-worker or neighbor

To learn more about the Building the Bridge program, please visit www.wi65.org/ohio. ■

Be Ready for Retirement: Take Advantage of Educational Opportunities

Want to learn about your retirement with SERS? Attend a conference, listen to a webinar, or watch a video.

PREP Seminar

If you're thinking about retiring in the next 10 to 15 years, consider joining us for a PREP Seminar. These half-day seminars are scheduled for Avon Lake on October 21, 2017; Kirkland on November 4, 2017; and Cincinnati on November 18, 2017. Register at <http://ohsers.org/seminars-and-conferences>.

Retirement Conferences and Webinars

If you are planning to retire in the next five years, attend a Retirement Conference. Conferences are currently scheduled for Mansfield on September 9, 2017; Tipp City on September 16, 2017; Austintown on September 23, 2017; and Waverly on October 14, 2017.

If our conference dates don't fit your schedule, we also provide webinars once a month so you can get the same information by logging in from your computer at work, or at home.

For more information on retirement conference locations and times, or to register for a webinar, visit <http://ohsers.org/seminars-and-conferences>.

Videos

If you want to get the same retirement conference information on your own schedule, visit our YouTube page at <http://youtube.com/SERSofOhio>.

You can also access the retirement conference video and others from our website at <http://ohsers.org/video-center>. ■