A Message from SERS Board Chair Barbra Phillips

Pension Benefits at Risk Without COLA Changes

As chair of the SERS Board of Trustees and an active member of OAPSE, I want to let you know the importance of the proposed Cost-of-Living Adjustment (COLA) changes to SERS.

Protecting Pension Benefits Is Our Priority

The SERS Board is sworn to protect the pension benefits of active and retired members. The COLA changes fairly ask active members and retirees to share in the pension funding solution, rather than saddling active members with the entire burden.

Ignoring the Problem Now Makes It Worse Later

SERS must address its financial challenges now. The pension fund may not withstand another financial crisis. The health care fund has seven years of funding, and cannot survive without a healthy pension fund. Despite this urgency, we are disappointed that members are being asked to oppose these changes.

A Fair Solution

We know these changes are difficult. Several of our advocacy group partners have provided letters of support or understanding that the COLA changes are a fair and necessary solution.

We Need to Hear from You

If you agree that it is better to make changes now rather than waiting for the funding problem to get worse, let the SERS Board hear your voice. Visit our website at www.ohsers.org and click the green “Yes” button to tell the SERS Board, “Yes, preserve my pension and access to SERS’ health care!”

SERS Is Not Freezing Pensions

SERS is not taking away pensions or cutting retirements. You are still getting everything you’ve earned, including your past COLA increases.

Additional COLA increases are only being suspended for a limited period of time. These COLA changes are not affecting your pensions; they are actually protecting your future.
Merriam-Webster defines the word “save” as to keep something safe, or to keep something from being lost or wasted. Without realizing, many of us might be losing money we could be saving. Not taking full advantage of governmental 457(b) deferred compensation plans, such as those offered through Ohio Deferred Compensation, is a missed opportunity.

A 457(b) is a retirement savings plan that allows you to easily supplement existing pension benefits by saving and investing pre-tax dollars through payroll deferrals. Contributions and earnings are tax-deferred until money is withdrawn. With a 457(b) plan, you can put some of your taxes on hold by reducing the amount of taxes withheld from your pay.

Check with your employer, but most require a minimum of only $30 per month.

Why Me?
You are lucky. Plans offered by Ohio Deferred Compensation are open only to public employees who are eligible for membership in one of Ohio’s statutory retirement systems.

Why Should I?
As a boost to your SERS retirement benefits, this program allows you not only to save, but to also invest extra money, tax-deferred, for retirement.

Did You Know?
Do you know how much of your paycheck goes toward retirement?
As a school employee, you contribute 10% of your salary to your SERS retirement.
Coming 2018: Cost-of-Living Adjustment (COLA) Changes

In an effort to improve pension funding and protect pension benefits, the Board voted to make Cost-of-Living Adjustment (COLA) changes that go into effect beginning in 2018. These COLA changes were necessary to address financial challenges and long-term funding goals. The Board voted to make COLA changes so members and retirees equally shared in the pension funding solution.

Proposed Changes

The Board decided that:

1. COLAs will be indexed to the Consumer Price Index (CPI-W) not greater than 2.5% with a floor of 0%.
2. Retirement allowances or benefits that begin on or after January 1, 2018, will not receive a COLA for three anniversaries, with the first COLA applied on the fourth anniversary date following start of the retirement allowance or benefit.
3. No COLA will be applied to retirement allowances or benefits that began before January 1, 2018, for three consecutive years, with suspension beginning January 1, 2018, and COLA payments resuming on anniversary dates on and after January 1, 2021.

The changes will not affect the COLA increases retirees received before January 1, 2018.

For example, if the “current month” COLA amount on your check stub as of December 1, 2017, is $165, you would continue to receive $165 monthly from 2018 through 2020.

However, your COLA amount would not increase during those years. The gross amount of your check would remain the same; but, the net amount may change based on your deductions. Beginning January 1, 2021, you would resume receiving an increase on your COLA anniversary date, indexed to the CPI-W.

A History of Change

A changing COLA is nothing new.

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

Although we currently are waiting on legislative approval for these COLA changes, we expect them to go into effect on January 1, 2018.

Purchasing Service Credit

Service credit largely determines eligibility for retirement benefits and health care coverage. It also affects the amount of your pension and health care premium. Additional service credit may be available for you to purchase.

If you qualify to purchase other types of service credit, call SERS to request a statement for the cost. Before we can send a cost statement, service credit must be certified, unless it is restored service credit.

You can purchase all or part of the service credit by making payments directly to SERS in one or more installments, or a tax-deferred payroll deduction if offered by your employer.

You also can purchase allowable service credit with funds rolled over from another qualified plan.

Before purchasing credit, consider these rules:

If Purchasing Other School, Federal, Military, or Other State Service

This cannot be purchased if it is used in the calculation of any retirement benefit currently being paid to you or payable to you in the future under any other retirement program, except Social Security.

If Purchasing Other School, Federal, Military, Other State, ERI, or Exempted Service

This will not count toward eligibility for SERS health care coverage or a premium subsidy.

If Purchasing Leave of Absence Credit

This must have been granted for educational or professional purpose, or due to illness or other disability, and cannot be purchased until leave has ended.

All service credit must be purchased before you retire. For more information, visit our website at www.ohsers.org/purchased-service-credit, or call us toll-free at 866-280-7377.
### August 1, 2017: Pension Reform Date Approaching

If you do not have 25 years of service credit as of August 1, 2017, and retire after that date, you are subject to the pension reform law that went into effect January 7, 2013. This means:

- In order to retire with unreduced pension benefits, you must be age 67 with 10 years of service, or age 57 with 30 years of service.
- To retire early with reduced benefits, you must be age 62 with 10 years of service, or age 60 with 25 years of service.

The law includes a grandfather provision that allows members with 25 or more years of service on August 1, 2017, to retire under current age and service requirements.

**Buy-up Option**

You can call or email a request to SERS for an estimate, but you must submit a written request for the actuarial cost. We recommend you request an actuarial cost for the buy-up by June 30, 2017. Your full payment must be received at SERS on or before August 1, 2017. If you have questions, call SERS toll-free at 866-280-7377.