August 1, 2017 Pension Reform Deadline Approaching

Are You Eligible to Retire?
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.

This means you can retire at:
- Any age with 30 years of service credit
- Age 65 with 5 years of service credit

You can retire early with reduced benefits at:
- Age 55 with 25 years of service credit
- Age 60 with 5 years of service credit

Buy-up Option
If you have fewer than 25 years of service credit as of August 1, 2017, you can retire under the current eligibility requirements if you pay the actuarial difference between the benefit you would have received under the new requirements, and the benefit you may receive under the current requirements.

You can call or email a request to SERS for an estimate, but you must submit a written request for the actuarial cost. To take advantage of this option, 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.

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. Please see page 3 for more information.
Milestone Anniversary: 80 Years for SERS

School Employees Retirement System of Ohio (SERS) began as the Cleveland Custodians Pension Fund.

In 1927, a group of Cleveland custodians sponsored legislation known as the School Custodians’ Pension Act. The act, which would make it possible for local boards of education to create pension funds in their own districts, led to the formation of the Cleveland Custodians Pension Fund.

In 1933, the group expanded the guidelines of its fund. It included retirement allowances for all nonteaching employees in Ohio’s public schools.

With a collective push from other organizations to promote a statewide retirement system for nonteaching school employees, legislation was passed in 1937. The state provided $5,000 in start-up money, and the system began operating on September 1, 1937. Its first offices were located at 85 E. Gay St., in downtown Columbus.

Today, SERS serves more than 190,000 members and retirees. It is Ohio’s third largest public pension fund.

Q. I’m going to retire when I’m 65. Will I get back all of my contributions in pension payments?

A. There is a very good chance that you will receive much more in pension payments than the contributions you paid to SERS. Retirees usually get back all of their employee contributions within three years of pension payments. Within another four years, retirees will have received all of the employer contributions back as well.

Did You Know?

Do you know how much of your paycheck goes toward retirement?

- Your Retirement
  - 10% Your Contribution
  - SERS invests these to help pay your lifetime benefit.

- Employer Contribution
  - 14% Employer Contribution

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.

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. Visit our website at www.ohsers.org/purchased-service-credit, or call us toll-free at 866-280-7377 for more information.
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.

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 in 2018. These COLA changes were necessary to address immediate 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.

We expect that the COLA changes will go into effect on January 1, 2018.

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 “Yes” button to tell the SERS Board, “Yes, preserve my pension and access to SERS’ health care!”

You Have a Voice

Join in Supporting the COLA Solution for the Funding Problem

If you want to preserve your pension and access to SERS’ health care, click the green “Yes” button on our website at www.ohsers.org.
It’s Your Life: Educate Yourself

It’s your life and your future; you should care about your retirement.

If you are within a year of retirement, join SERS for the Retiring with SERS webinar, an online seminar where information is presented to you via computer.

The agenda includes information about:
- Service Retirement Basics
- Social Security Offset/Windfall
- SERS Health Care
- Retirement Process

Space is limited and advance registration is required. Visit our website at www.ohsers.org to register.

Upcoming webinars are on Wednesday, May 31, 2017, at 12:30 p.m., and Thursday, June 22, 2017, at 4:30 p.m.

Still a Few Years Away?

Each spring, SERS holds a series of meetings where members have the opportunity to ask questions and learn about retirement issues.

The information shared at the meetings is available on our YouTube channel: www.youtube.com/SERSofOhio or, you can watch a video from our website at www.ohsers.org/video-center.