

Benefit Recipient Handbook

Your Guide to OPERS Benefits

Karen E. Carraher



Dear Benefit Recipient:

Congratulations! You are now a benefit recipient of one of our nation's premier public pension systems. For over 80 years, OPERS has been providing Ohio's public employees and benefit recipients with peace of mind through financial security and exemplary service.

This Benefit Recipient Handbook *is an excellent source of information for you as an OPERS benefit recipient. Please take some time to read through this handbook and keep it for future reference.*

At OPERS, we are proud to serve you as a benefit recipient. Please feel free to contact us via our Member Services Center at 1-800-222-PERS (7377) or our website, opers.org, with any questions.

Our website also provides access to your individual online account. Your online account is available 24 hours a day, seven days a week and allows you to securely and conveniently:

- View your monthly payment information including withholdings, deductions, etc.
- Print a statement verifying your current monthly benefit
- Print your most recent IRS forms
- View information about your eligibility for the OPERS health care program
- View your beneficiary designation
- Update or change your address
- Update or change your bank account information
- Update or change your tax withholding information

Again, we welcome you as a benefit recipient and look forward to serving you in retirement.

Sincerely,

Karen E Carraher

Karen E. Carraher
Executive Director



The OPERS Vision Statement

Our vision is to be your trusted retirement partner delivering responsive, high-quality service every time, all the time.

The OPERS Mission Statement

Our purpose is to provide secure retirement benefits for our members.

About OPERS

The Ohio Public Employees Retirement System (OPERS) was established by state law in 1935 and operates under the authority of the Ohio General Assembly. Chapter 145 of the Ohio Revised Code and the corresponding *Ohio Administrative Rules* govern OPERS. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the OPERS Board of Trustees or regulation of the Internal Revenue Code. Additional information about Ohio retirement law and administrative rules is available by visiting the legal section of the OPERS website, opers.org.

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The following is a review of terms used throughout this publication, on your Recipient Statement of Benefits, and in your personal online account. Please familiarize yourself with these terms before you continue reading.

Additional Annuity Program – The Additional Annuity Program provides an opportunity to invest money specifically for supplementing retirement income, independent of your OPERS contributions. The program allows you to purchase investment shares in the OPERS Stable Value Fund. Your account is subject to the daily gains or losses of the OPERS Stable Value Fund and your potential earnings are tax-deferred until you annuitize or refund your account.

Anniversary Date – This is the month established for your cost-of-living adjustments.

Automatic Succession – If you do not designate a specific beneficiary prior to death, your beneficiary designation is determined by law. Please see page 13 for details.

Base Benefit – This is your original monthly benefit payment plus any legislative increases. Cost-of- Living Adjustments (COLAs) are not included in your base benefit.

Beneficiary – The individual(s) who will receive benefits that may be due at your death.

Benefit Effective Date – This is the date on which you are eligible to receive your first benefit payment after you have applied for retirement. This may also be referred to as your effective retirement date.

Combined Plan – A retirement plan offered by OPERS with both a defined benefit and a defined contribution component. Under the defined contribution portion of the Combined Plan, employee contributions are deposited in the member's individual account and invested as directed by the member. OPERS investment professionals manage the investment of employer contributions for the defined benefit component. A member's retirement benefit is determined by a reduced formula (similar to the Traditional Pension Plan) for the defined benefit component and the invested employee contributions and the gains and losses on those contributions for the defined contribution component.

Continuing Employment – Occurs when a member who holds two or more positions at the same time in OPERS, School Employees Retirement System of Ohio (SERS), or State Teachers Retirement System of Ohio (STRS) retires from the higher-paying position and continues working in the lower-paying position.

Cost-of-Living Adjustment (COLA) – An annual Cost-of-Living adjustment will be provided to eligible benefit recipients on their benefit anniversary dates.

Death Benefit – A one-time, lump sum benefit, payable in the Traditional Pension Plan or Combined Plan upon the death of an age and service retiree or disability benefit recipient. The amount of the death benefit is based on the recipient's number of years of service credit.

Disability Benefit – The monthly amount paid to a disability recipient.

Earnable Salary – Earnable salary includes amounts such as salary, wages and other earnings paid to an employee as a member of OPERS. Under Ohio law, contributions are made on a public employee's earnable salary.

Effective Retirement Date – See "benefit effective date."

Exclusion Amount – See "tax exclusion amount."

Final Average Salary (FAS) – FAS is the average of your three or five highest years of earnable salary while contributing to the Traditional Pension Plan or the Combined Plan. For members in retirement groups A and B, your FAS is the average of your three highest years or the last 36 months of earnable salary. For members in retirement group C, your FAS is the average of your five highest years or the last 60 months of earnable salary.

Finalized Benefit – The monthly benefit that is calculated after OPERS receives your final report of contributions from your employer and any payments to purchase additional service credit.

Guaranteed Account – This is the amount you contributed to OPERS while you were working, including any payments made to purchase additional service credit and interest. You and/or your beneficiary are assured a return of this amount less any amounts you received as monthly benefits.

Health Care Program – Access to the OPERS health care program is available to eligible benefit recipients. Details about the program are available in the *OPERS Health Care Program Guide* and at opers.org.

Independent Retirement – For members who contributed to more than one of the non-uniformed (i.e. STRS or SERS) Ohio retirement systems, a retirement benefit paid solely by OPERS independent of a retirement benefit paid by one of the other Ohio non-uniformed retirement systems.

Interim Benefit – The monthly benefit that is calculated before OPERS receives your final report of contributions from your employer.

Internal Revenue Code Section 415(b) – The section of the Internal Revenue Code that limits the amount a retiree may receive as an annual pension.

Joint Retirement – A Traditional Pension Plan retirement benefit that combines OPERS service credit with service credit at the State Teachers Retirement System of Ohio (STRS) and/or service credit at the School Employees Retirement System of Ohio (SERS). Joint retirement with STRS includes service under their defined benefit plan only.

Member-Directed Plan – A defined contribution plan under which employee and employer contributions are deposited into a member's individual defined contribution account and invested as directed by the member. A member's retirement benefit is based on employee and employer contributions and the gains and losses on those contributions. A portion of the employer contribution is credited to a Retiree Medical Account (RMA), which may be used for the payment of qualified health care expenses after retirement or termination of service.

Money Purchase Plan – A benefit plan under which re-employed retirees contribute during their period of re-employment.

Online Account – An online resource that can be accessed through the OPERS website, opers.org. It allows you to securely and conveniently view your OPERS account information.

Open Enrollment – A specified window of time when you are able to make changes to your enrollment in the OPERS health care program.

Original Monthly Payment – This is the initial amount used to determine any COLAs.

Partial Lump Sum Option Payment (PLOP) The PLOP is an option that allows a retiree to initially receive a one-time, partial lump-sum payment along with a reduced monthly retirement benefit.

Payment Plan – Option chosen at retirement under which you will be paid each month. The payment plan options are:

Single Life Plan – This is an annuity that is paid solely to the retiree for life. It terminates at the retiree's death, with no further monthly payments. If the total allowance received does not equal the retiree's guaranteed account, the remaining balance is paid to the retiree's beneficiaries.

Joint Life Plan – This is a joint survivor annuity that is paid to the retiree for life. After the retiree's death, payment is made to one beneficiary in a specified amount from 10 to 100 percent. If a member is married when he or she applies for retirement, the member must designate his or her spouse for a 50 percent Joint Life Plan unless the member obtains spousal consent.

Multiple Life Plan – This joint survivor annuity provides payment to the retiree for life. After the retiree's death, payment will be made to the retiree's surviving beneficiaries. At least two but no more than four beneficiaries can be designated on this plan.

Pop-down – A change from a *Single Life Benefit Plan* to the *Joint Life Plan* that, in the event of your death, provides monthly benefits to your spouse. Adding a spouse to the *Multiple Life Plan* after retirement is also considered a pop-down. A pop-down may occur only if you marry or re-marry after retirement and submit a completed *Pop Down Request* form.

Pop-up – A change from the *Joint Life Plan* to the *Single Life Plan*. A pop-up may occur only if: 1) your beneficiary predeceases you on a joint survivor plan, or 2) if your former spouse is your beneficiary, your marriage is terminated by divorce, annulment or dissolution and the court order permits you to change to the *Single Life Plan* or your former spouse provides written consent.

Qualified Excess Benefit Arrangement (QEBA) The QEBA allows OPERS to pay retirees the portion of their retirement benefit that exceeds the Internal Revenue Code (IRC) Section 415(b) limits.

Re-employment – Returning to work in an OPERS-covered position after retiring from an OPERS or other Ohio retirement system-covered position.

Recipient – A member or beneficiary who receives a monthly benefit.

Recovery Method – This is the method, based on Internal Revenue Code regulations, used to calculate the taxability of your monthly benefit.

Retirement Cost – This refers to any after-tax contributions made during employment and any after-tax payments made to purchase additional service credit. This amount is used in calculating your monthly tax exclusion amount.

Specific Designation – Prior to retirement, a member may designate a primary beneficiary(ies) as well as contingent beneficiary(ies) on his or her OPERS account. At retirement, the naming of a beneficiary(ies) on a form provided by OPERS, to receive a benefit under one of the payment plans for retirement and/or to receive the lump-sum death benefit following the retiree's death.

Traditional Pension Plan – A defined benefit plan under which OPERS investment professionals manage employee and employer contributions. A member's retirement benefit is based on a formula determined by years of service credit, the average of the three or five highest years of earnable salary (also called Final Average Salary or FAS), depending on the member's retirement group (A, B or C), and a percentage.

Tax Exclusion Amount – This is the tax-free portion of your monthly benefit payment. It is used for income tax purposes only. This amount will not change even if your monthly benefit payment increases due to COLAs or legislative increases.



Our purpose is to provide secure retirement benefits for our members.

Retirement Plans

Retirement benefits are based on contributions to one or more of the following retirement plans:

The Traditional Pension Plan is a defined benefit plan under which a member's retirement benefit is calculated on a formula based on years of service, final average salary, and a percentage. Members who retire through the Traditional Pension Plan receive a monthly age and service benefit.

The Member-Directed Plan is a defined contribution plan under which employee and a portion of the employer contributions are deposited into a member's individual defined contribution account and invested as directed by the member.

The Combined Plan is made up of two components. OPERS manages employer contributions used to fund the defined benefit portion at retirement. The retirement benefit for the defined benefit component is determined by a formula based on years of service, final average salary, and a percentage. The member chooses the investment options for employee contributions in the defined contribution portion. The retirement benefit for this portion is based on the employee contributions and the gains and losses on those contributions.

Members who retire through the Member-Directed and/or the Combined Plan may choose one of three distribution methods for their defined contributions:

- Annuitize 100 percent of their account. Members will have their entire balance used in order to receive a monthly benefit from OPERS.
- Annuitize a partial amount and have the remaining account balance rolled over to another company or sent to them directly with taxes withheld.
- Elect to have their entire account balance rolled over to another company or sent to them directly with taxes withheld.

Survivor Benefits

In the event of a member's death prior to retirement, qualified survivors may be entitled to monthly benefits or a lump-sum payment of the member's account. Survivor benefits are only available for members in the Traditional Pension Plan or the Combined Plan, or members receiving disability benefits through the Traditional Pension Plan.

Disability Benefits

OPERS administers two disability plans – the Original Plan and the Revised Plan. Persons with OPERS membership prior to July 29, 1992 are in the Original Plan, unless they elected to be in the Revised Plan. All new members hired on and after July 29, 1992 are in the Revised Plan. Only members in the Traditional Pension Plan or the Combined Plan may apply for disability benefits.

Disability benefits are only available for members in the Traditional Pension Plan or the Combined Plan.

Original Plan - Disability benefits under the Original Plan are payable to you throughout your lifetime, provided you remain disabled under the applicable disability standard and you do not return to public service as a public employee or elected official. The benefit calculation for this plan takes into consideration your total contributing service plus a projection of years for the time between your benefit effective date and age 60. Under the Original Plan, you may receive no less than 30 percent of your final average salary (FAS) and no greater than 75 percent of your FAS. Monthly benefits paid under this plan are deducted from your accumulated contributions.

Revised Plan - Persons who became OPERS members on or after July 29, 1992 are automatically in the Revised Plan. Benefits under the Revised Plan are payable for a specified duration of time depending on your age at the benefit effective date. Benefits will be payable throughout this specified duration assuming you remain disabled under the applicable disability standard and you do not return to public service as an employee or elected official. The benefit calculation for this plan takes into consideration your total contributing service only. Under the Revised Plan, you may receive no less than 45 percent and no greater than 60 percent of your FAS.

At the end of the pre-determined benefit period, you may elect to either receive 1) a refund, thereby closing your account and canceling your rights to any future benefits, or 2) a conversion to a monthly age and service retirement benefit upon becoming eligible.

Monthly benefits paid under this plan are not deducted from your accumulated contributions.

OPERS Health Care Program - There may be limitations regarding how long you may have access to the OPERS health care program. Refer to the *OPERS Health Care Program Guide* or opers.org/health-care for more information.

Disability benefit recipients cannot make changes to their benefits as these benefits are governed by state law.

Money Purchase Plan

If you become re-employed in an OPERS-covered position after retirement, you will contribute to the Money Purchase Plan. When the employment ends, you may opt to take a regular refund prior to age 65. If you wait until after age 65, you may choose to receive a lump sum distribution, or a monthly annuity benefit.

Additional Annuity Program

The Additional Annuity Program offers Traditional Pension Plan members and re-employed retirees a voluntary way to save additional money for retirement through OPERS. Deposits into the program purchase shares in the OPERS Stable Value Fund. The contributions and investment earnings may be annuitized for an additional monthly benefit or a lump-sum payment that must be taken at retirement or when applying for your Money Purchase account if you contributed to the Additional Annuity Program as a re-employed retiree.

Death Benefit

Upon the death of an age and service retiree or a disability benefit recipient who participated in the Traditional Pension or Combined Plan, a lump-sum death benefit, based on years of service, is paid to one of the following: The designated beneficiary on an approved *Designation of Beneficiary for Lump Sum Death Benefit* form or an approved retirement application, or the first qualified beneficiary under automatic succession.

For members participating in the Member-Directed Plan, a death benefit is not available through OPERS. In the event of the member's death, the vested portion of the member's defined contribution account is available to the member's beneficiaries.

Years of member's service credit	Death benefit
less than 10	$500
at least 10 but less than 15	$1,000
at least 15 but less than 20	$1,500
at least 20 but less than 25	$2,000
25 or more	$2,500

Beneficiary Designation

Members or retirees may designate a specific beneficiary (ies) to receive certain benefits before and after retirement. If a member or retiree does not designate a specific beneficiary (ies), any benefits due are payable under automatic succession as provided in Ohio retirement law. If a member dies before retirement and is survived by qualified children, the qualified children will receive monthly survivor benefits regardless of a specific designation.

Under current law, automatic succession is as follows:

- **In the event of death prior to retirement or while receiving a disability benefit:** 1) spouse, 2) children, 3) dependent parent, 4) if none of the previously listed are applicable, parents share equally or, 5) the member's estate.
- **After retirement, for any amounts due the benefit recipient at the time of his/her death:** 1) spouse, 2) shared equally by children, 3) shared equally by parents or, 4) retiree's estate.
- **For the death benefit only:** 1) spouse, 2) shared equally by children, 3) shared equally by parents, 4) the person responsible for burial expenses or, 5) if none of the previously listed are applicable, the benefit is paid to the retiree or disability benefit recipient's estate.

NOTES



Some members are eligible to receive a Partial Lump Sum Option Payment

If you retired through the Traditional Pension or Combined plans, your benefits are paid through one of the following payment plans: the Single Life Plan, the Joint Life Plan or the Multiple Life Plan. You also selected from these plans if you annuitized the defined contribution portion of your Combined or Member-Directed plan, or your Money Purchase or Additional Annuity account.

Single Life Plan – This is an annuity that is paid solely to the member for life. It terminates at the member's death, with no further monthly payments. If the total allowance received does not equal the member's accumulated contributions and interest, the remaining balance of the guaranteed account is paid to the member's beneficiaries.

Joint Life Plan – This is a joint survivor annuity that is paid to the member for life. After the member's death, payment is made to one beneficiary in a specified amount from 10 to 100 percent. If a member is married at retirement, the member must designate a 50 percent Joint Life Plan to the member's spouse unless the member obtains spousal consent.

Multiple Life Plan – This joint survivor annuity provides payment to the member for life. After the member's death, payment will be made to the member's surviving beneficiaries. Members are permitted to designate two to four beneficiaries.

Partial Lump Sum Option Payment

Under the Traditional Pension Plan and defined benefit component of the Combined Plan, retiring members may also elect a Partial Lump Sum Option Payment (PLOP). The PLOP allows a member to receive a lump-sum benefit payment along with a reduced monthly retirement allowance. The lump-sum payment cannot be less than six times or more than 36 times the monthly amount that would be payable under the retirement plan of payment selected. The lump-sum payment cannot result in a monthly benefit that is less than 50 percent of the original monthly benefit.

Please Note: Once the PLOP has been issued, you will not be able to change your plan of payment, your beneficiary or the amount of the PLOP.

The total amount paid as a lump-sum and monthly payments will be equal to the amount that would have been paid had the member not elected to receive a lump-sum payment. As a lump-sum distribution, the PLOP is fully taxable and, like monthly benefits, may be subject to court orders, such as division of property orders and support withholding orders, if applicable.

Law Enforcement - An OPERS member who is a law enforcement or public safety officer terminating public employment at age 50 or older and who receives a PLOP distribution from the Traditional Pension Plan on or after Aug. 18, 2006, will not have to pay the additional 10 percent tax on this distribution, provided the termination was from their law enforcement or public safety position.

Please see the *Special Tax Notice Regarding OPERS Payments* for additional information on tax liability and rollovers of lump-sum distributions.

NOTES



You will have easy access to your funds through your financial institution.

Direct Deposit

Direct deposit for monthly benefit payments is required. OPERS will deposit your monthly benefit directly into your savings or checking account. There is no delay and no danger of losing or misplacing a paper check. You will have easy access to your funds through your financial institution.

Requesting an Exemption from Direct Deposit

Certain benefit recipients may qualify for an exemption from using direct deposit. There are four categories of benefit recipients who qualify for an exemption and will be allowed to receive their monthly benefit in the form of a paper check:

1. Recipients who reside in remote areas where direct deposit is not available through a local financial institution (a remote area has been defined as more than 15 miles from a bank that provides direct deposit)
2. Recipients whose payments go to a third party such as a nursing or convalescent home
3. Victims of fraud or identity theft
4. Recipients who reside outside the United States will automatically receive a paper check

Benefit recipients who reside within the United States and believe they qualify for an exemption on the basis of the previously stated reasons are required to complete a *Request for Exemption from Mandatory Participation in Direct Deposit form*. OPERS staff will review each request and advise each recipient whether their request has been approved or denied. If the request is denied, the recipient will be required to participate in the direct deposit program.

Monthly benefit checks are mailed to OPERS benefit recipients on the last business day of the month. With direct deposit, benefits will be available on the first business day of the month.

Changing Your Banking Information

It is important to keep OPERS informed of any changes in your bank account information to prevent any delay in receiving your monthly benefit. Generally you can update this information through your online account. You may also notify us of any changes to your bank account information by downloading a *Change Request* form from our website. If you mail the form to our office, please allow 30 days for this change to take effect.

Changing Your Permanent or Mailing Address

Even though you are using direct deposit, you will still receive newsletters, tax information and other publications from OPERS at your mailing address. It is important to notify us when your permanent or mailing address changes. If you split your year between different homes (e.g. south in the winter, north in the summer), you can update your mailing address and even include a specific date when the change would become effective. You can do this by accessing your OPERS online account at opers.org. Or, you may obtain a *Change Request* form on the OPERS website. You may also request a form by calling OPERS at 1-800-222-PERS (7377).

Please be as accurate as possible when you correspond with us, especially with post office box numbers, state route numbers and ZIP codes. The post office has become automated, and your mail may be delayed or returned to us due to incomplete addresses and street names.

It is your responsibility to be certain OPERS has your current physical and e-mail address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account.

It is your responsibility to be certain OPERS has your current physical and e-mail address on file.

Verification of Monthly Benefit

There may be times when you need to provide verification of your monthly benefit amount to a third party. You may print an *Income Verification Letter* by accessing your retiree account information through your individual online account on the OPERS website once you have registered to use the system. Or, you may write (see page 34 for address) or call OPERS at 1-800-222-PERS (7377) to request an *Income Verification Letter* be sent to you. The request should include your name and Social Security number.

If you would like OPERS to mail or fax the information to a third party, you must submit a signed request authorizing OPERS to forward this information. Be sure to include the address or fax number to which the letter should be sent.



One of the most important things to remember concerns your first benefit payment.

Changing Your Payment Plan and Beneficiary Designation for Age and Service Benefit Recipients

Now that you have taken the steps for retirement, one of the most important things to remember concerns your first benefit payment. Your first benefit payment will either be an interim benefit or your finalized benefit (see Glossary). Your *Recipient Statement of Monthly Benefits* will inform you if you are receiving an interim benefit; otherwise, your benefit amount is final and cannot be adjusted.

If you **elected NOT to receive** a Partial Lump Sum Option Payment (PLOP) on your benefit application, you will have one opportunity to make the following changes prior to receiving your finalized benefit payment:

- Plan of payment
- Beneficiary
- Elect to receive a PLOP

If you **elected to receive** a PLOP on your benefit application, and your benefit has not been finalized, you will have one opportunity prior to the PLOP being issued to make the following changes

- Plan of payment
- Beneficiary
- PLOP amount

Changing your plan of payment, beneficiary, PLOP amount and/or electing to receive a PLOP after receiving your first benefit payment will result in a modification and recalculation of your monthly benefit and PLOP amount. If we determine there is an overpayment of your benefit as a result of any of these changes, we will notify you and take the following action:

- **Overpaid amounts of $50 or less** will automatically be deducted from your next monthly benefit.
- **Overpaid amounts greater than $50**, will be asked to be repaid within 30 days of notice from OPERS.

    a) If you have elected a PLOP, your PLOP will not be released until the overpaid amount has been repaid. If the overpaid amount is not repaid in 30 days, it will be deducted from subsequent monthly benefits until the amount is paid in full.

    b) If you have elected a PLOP and it has not been issued, the overpaid amount will be deducted from it before the PLOP is paid to you.

Life-changing Events - A monthly benefit payable for your lifetime by OPERS may be modified based on the following life-changing events:

- Marriage or remarriage
- Divorce
- Dissolution or annulment of marriage
- Death of beneficiary(ies)

Marriage or Remarriage - If you select the *Single Life Plan* at retirement, your benefit may be recalculated to provide for your new spouse under the *Joint Life Plan*, if you marry or remarry after retirement. If at retirement you select the *Multiple Life Plan*, you may only add a spouse due to your marriage or remarriage if you have no more than three beneficiaries designated at the time you marry or remarry. However, if you select the *Multiple Life Plan* because you were court-ordered to select a joint survivor annuity and designate your former spouse as beneficiary, the specified portion that your former spouse is to receive as your beneficiary cannot be changed upon you designating a new spouse as your beneficiary.

If your marriage or remarriage occurred on or after June 6, 2005 and you elected the *Single Life Plan*, you will have one year from your date of marriage or remarriage to change your plan of payment to provide for your spouse. If your marriage or remarriage occurred prior to June 6, 2005 and you elected the *Single Life Plan*, you may change your plan of payment at any time. You will need to contact us to request the *Benefit Pop Down Request* form. The change to the new plan of payment is effective on the date the form is received by our office. Any change in the amount of the benefit will begin on the first day of the month following our receipt of the properly completed form.

In the event your death occurs prior to OPERS' receipt of your properly completed and valid form, the change to your payment plan will not take effect and all benefits, including enrollment in the OPERS health care program, will cease.

Divorce, Dissolution or Annulment of Marriage - If you designate your spouse as your beneficiary under the *Joint Life Plan*, and a divorce, dissolution, or annulment occurs after your retirement, you may elect to be paid under the *Single Life Plan* with the written consent of your former spouse or a court order. If you are under the *Multiple Life Plan* and a divorce, dissolution, or annulment occurs, you will remain under this plan and your former spouse may be removed as beneficiary with the written consent of your former spouse or by court order. Your benefit will be recalculated to reallocate to you the amount you previously allocated to your former spouse. There will be no change in the benefit allocation for the other beneficiaries.

The change in your benefit will be effective the first of the month following our receipt of the properly completed *Benefit Pop Up Request* form and, if necessary the appropriate court order.

Death of Beneficiary (ies) - If you select the *Joint Life Plan* and your beneficiary dies before you do, you will be paid under the *Single Life Plan* after you submit a copy of the beneficiary's death certificate.

If you select the *Multiple Life Plan* and one of your beneficiaries dies before you, you will remain under this plan. Your benefit will be recalculated to reallocate to you the amount you previously allocated to the deceased beneficiary after you submit a copy of the deceased beneficiary's death certificate. There will be no change in the benefit allocation for the other beneficiaries.

Notice of Death

OPERS must be notified in the event of your death or the death of your beneficiary(ies) so we can properly process your account, including any payment due your beneficiary(ies).

Disability Benefit Recipients - Disability benefit recipients cannot make changes to their benefit payment.

Changing Your Death Benefit Beneficiary

You may change your beneficiary for the lump-sum death benefit at any time by completing the *Designation of Beneficiary for Lump Sum Death Benefit* form. The beneficiary may be a person, persons, trust, estate or institution. The form must be returned to and approved by OPERS before any change is valid. If you did not designate a death benefit beneficiary at retirement, the beneficiary designated on your retirement application will receive the lump-sum death benefit. If your designated beneficiary predeceases you and you do not designate a new death benefit beneficiary, your lump-sum death benefit will be paid under automatic succession as provided by Ohio retirement law.

Cost of Living Adjustment

All benefit recipients who have received benefits for 12 months are entitled to an annual cost-of-living adjustment (COLA). For each allowance, pension or benefit granted prior to Jan. 7, 2013, the COLA will be a fixed three percent. For each allowance, pension or benefit granted after Jan. 7, 2013, the COLA will be three percent until Dec. 31, 2018. Beginning Jan. 1, 2019, the COLA will be based on the percentage increase in the Consumer Price Index (CPI), not to exceed 3 percent, as determined by the U. S. Bureau of Labor Statistics for the twelve-month period ending June 30 of the immediately preceding calendar year.

The COLA is not compounded. It will always be based on your initial retirement benefit, not the benefit plus accumulated allowances. If the CPI used to determine a COLA is negative, no allowance will be granted in the following year.

Impact of Court Orders on Monthly Benefits

Generally, OPERS benefit payments are not subject to garnishment, attachment, assignment, bankruptcy or any other legal process except in the following situations: a federal tax levy, court-ordered restitution withholding or benefit forfeiture, child or spousal support withholding orders, or Chapter 13 bankruptcy order. In the event OPERS receives one of these orders, the amount specified in the order will be withheld from your monthly benefit and sent to the agency responsible for the collection.

Division of Property Order - Benefit payments may also be subject to a division of property order as specified by Ohio Revised Code Sections 3105.80 through 3105.90, allowing OPERS to make direct payments to a former spouse (alternate payee) from a benefit paid to an OPERS benefit recipient (participant). In the event the system receives one of these orders, the amount will be withheld and sent to the alternate payee.

Benefit Change Notice

Anytime there is a change in your benefit amount or deductions, a *Benefit Change Notice* will be sent to you. The notice will show the changes in your benefit amount.

Power of Attorney and Guardianship

Generally, a retiree or disability benefit recipient should direct and manage his or her OPERS account. However, in certain circumstances, a retiree or benefit recipient may decide to designate an attorney in fact under a power of attorney or durable power of attorney document. The attorney in fact may manage the recipient's OPERS account through such activities as authorizing the release of account information, providing and updating bank information for direct deposit of benefits, updating the recipient's address, receiving correspondence on behalf of the recipient, and making changes to enrollment in the OPERS health care program. If there is a conflict between the direction given by the benefit recipient and the direction given by the attorney in fact, and the benefit recipient is competent to direct their account, OPERS will follow the direction of the benefit recipient. If appropriate, the benefit recipient should revoke the power of attorney and send OPERS written notice of the revocation.

Consult with your lawyer about having a power of attorney document drafted and selecting someone to serve as your attorney.

You should consult with your own lawyer about having a power of attorney document drafted and selecting someone to serve as your attorney in fact.

In the absence of a power of attorney document granting specific authority to an attorney in fact, OPERS may require guardianship of an estate for a recipient who is under 18 years of age or, if over 18 years of age, who is, or becomes, incompetent. A recipient's guardian should provide a copy of the Letters of Guardianship so that he or she can appropriately direct the OPERS account.



While OPERS is not required to provide health care coverage by law, we recognize the important role it plays as part of a secure retirement for participants in the Traditional Pension Plan and the Combined Plan. Refer to the *OPERS Health Care Program Guide* or opers.org/health-care for details on the program and eligibility.

Member-Directed Plan retirees have access to a Retiree Medical Account that accumulates during their public employment. If you have any questions regarding OPERS health care coverage, please visit our website, opers.org.



You can make changes to the amount of taxes withheld from your benefit online.

Tax Liability

If you wish to change the amount of federal and/or state of Ohio taxes withheld from your monthly benefit, you can make these changes through your online account. Or, you may obtain the necessary forms by contacting the Member Services Center at 1-800-222-PERS (7377) or from our website, opers.org. You will need to complete the form for federal tax withholding and/or the *Withholding Certificate for Periodic Pension or Annuity Payments* form for the state of Ohio tax withholding. You may want to consult a tax advisor about your specific tax liability.

Federal Tax Withholding

The taxable portion of your retirement benefit is automatically subject to federal income tax withholding unless you voluntarily elect not to have federal taxes withheld from your benefit payments. If you do not return a federal tax form electing either a specific withholding rate or that you do not wish to have federal taxes withheld from your benefit payments, OPERS will automatically withhold federal taxes at a default rate determined by the IRS.

Ohio State Income Taxes

OPERS will also withhold Ohio state income tax from monthly benefit payments on a voluntary basis. If you would like OPERS to withhold Ohio state income taxes, you must determine the amount per month you wish to have withheld from your benefit payment. In order to make this determination, you should estimate your state tax liability for the current year. Remember, retirement credits may be available for Ohio state income tax and should be taken into consideration when making any calculations. OPERS will begin withholding Ohio state income tax from your benefit the month following the receipt of a properly completed *Recipient's Withholding Certificate for Ohio Personal Income Tax* form. OPERS cannot withhold taxes for any other states.

Your monthly benefit payment may contain both taxable and/or non-taxable amounts.

Other Tax Information

OPERS benefits are also subject to local school district income taxes in Ohio. You are responsible for these taxes if your local school district has an income tax, as OPERS is unable to withhold the tax from your benefit payments. Additional information about the tax treatment of benefit payments may be found in the annual OPERS publication, *Income Tax Guide for OPERS Benefit Recipients*, which is updated and available on the OPERS website, opers.org. You also may refer to IRS Publications 575 and 721 for further information. These publications are available by contacting the IRS at 1-800-829-1040 or online at irs.gov.

Retirement Cost

Your monthly benefit payment may contain both taxable and/or non-taxable amounts. Your non-taxable amounts are also referred to as your retirement cost.

Your retirement cost represents the portion of your benefit derived from after-tax member contributions. If you have any retirement cost, OPERS calculations how much of your benefit payment will be excluded each month from federal taxes. The portion excluded each month is called your exclusion amount. When your retirement cost has been recovered, your benefit payments will become fully taxable. If the retirement cost has not been recovered when monthly benefits terminate, federal tax law provides for a tax deduction for the un-recovered amount.

The monthly exclusion amount is noted on your *Recipient Statement of Monthly Benefits* and is reported on your IRS 1099 form. If you do not have any after-tax contributions your monthly benefit is fully taxable.

Internal Revenue Code 415(b) limitation and Qualified Excess Benefit Arrangement (QEBA)

Internal Revenue Code (IRC) Section 415(b) limits the maximum pension amount an individual may receive each year. OPERS will notify you if your benefit payments exceed the annual limits under IRC Section 415(b). Any portion of your benefit payment that exceeds the IRC Section 415(b) limit will be paid to you under the OPERS Qualified Excess Benefit Arrangement.

If you receive benefits under the QEBA, OPERS will issue you a *Form 1099-R* for your retirement benefits that are less than the IRC Section 415(b) limit and a *Form W-2* for amounts that are paid under the QEBA. The QEBA payment is fully taxable and you will be required to complete separate federal and state tax withholding forms for this benefit. OPERS will provide these forms to you at which time they must be completed and returned to us.



You may become employed in a position with a private employer and continue to receive benefits.

Employment in the Private Sector

If you are receiving an age and service retirement benefit, you may become employed in a position with a private employer and continue to receive benefits. However, disability benefit recipients should review the disability section on page 30 for pertinent details.

Public Employment

If you are an age and service retiree or disability benefit recipient, re-employment in a job covered by OPERS, including service in an elected position, may affect continuing receipt of your pension benefit. Prior to your re-employment, you should contact OPERS for specific information regarding the effect it may have on your monthly pension benefit payment and access to OPERS-covered health care plans. In the event you become re-employed by an OPERS covered employer, you must inform the employer that you are receiving an OPERS pension benefit. Employers are not required to re-hire employees after retirement. Disability recipients whose benefit is terminated due to no longer being disabled while on a leave of absence may return to public employment. If this occurs, the last public employer is required by law to restore the recipient to their previous position and salary or to a similar position. Potential re-employment plans should be discussed with the employer to determine whether there are any restrictions or policies on re-employment. The following information is provided to inform you of the general restrictions on re-employment. Please see the *Returning to Work After Retirement* leaflet for additional information.

Returning to Work as an Age and Service Retiree

As an age and service retiree, you may become re-employed in an OPERS-covered position. Re-employed retirees contribute to the *Money Purchase Plan* and contributions to OPERS must begin from the first day of re-employment.

In most instances, re-employed retirees will continue to receive their retirement pension benefit during re-employment. However, if you become re-employed anytime within the first two months after your retirement benefit effective date, you will forfeit your retirement pension benefit during this two-month period.

While re-employed, your employer must provide your primary health care coverage if it is available to other employees in comparable positions. You cannot waive the employer's health care coverage in order to gain OPERS-sponsored coverage, but OPERS' coverage may be available on a secondary basis if you participate in your employer's plan.

OPERS retirees who become re-employed on a full-time basis by a public university or college have the option of participating in OPERS and contributing toward a *Money Purchase Plan* account or they may be eligible to participate in an Alternative Retirement Plan (ARP). Re-employed retirees who change their employment status with a public institution or college from part-time to full-time may also be eligible to participate in an ARP. Your employer must notify OPERS by the end of your first month of employment. Failure to provide OPERS with timely notice of re-employment will result in employer liability for any overpaid benefits.

Returning to Public Employment as a Disability Benefit Recipient

If you are receiving a disability benefit, your pension benefits will terminate if you return to public service as an employee or elected official. If you return to public employment, your employer must notify OPERS by completing and returning to the retirement system a *Notice of Re-employment of an OPERS Benefit Recipient* by the end of your first month of employment. The public employer's prompt notification reduces the likelihood of an overpayment of pension benefits.

Returning to Private Employment as a Disability Benefit Recipient

Undertaking employment with a private sector employer that is similar to your last public position may affect your continuing receipt of a disability benefit. You should contact OPERS for a review regarding your intent to seek employment in the private sector. Please complete and submit an *Employment Review for a Disability Benefit Recipient* (DR-2) and include a job description for the position you wish to undertake. This information may be used in the determination of your continued eligibility for a disability benefit.

Elected Officials

Members who are age and service retirees under OPERS and return to OPERS-covered employment as an elected official are treated as re-employed retirees. This does not apply if the retiree contributed to Social Security for the elective service. Please see the *Returning to Work After Retirement* and *Elected Officials* leaflets for additional information.

There is a potential pension benefit impact on elected officials who retire from OPERS during a term of office and return to the same office as a retiree during the remainder of the term or next consecutive term. For these elected officials, the retirement allowance is suspended, which results in the pension portion of the allowance being forfeited and the annuity portion of the allowance being suspended for the term(s) unless the elected official:

1. Retired at least 90 days prior to the general election;
2. Files a written notice of intent to retire with the county board of elections at least 90 days prior to the primary election for the term in which the retirement occurred or 90 days prior to the date on which the primary would have been held; or
3. Is appointed to the same position and notifies the appointing authority, in writing, that they retired or intend to retire before the end of the term.

   Your employer must notify OPERS by the end of your first month of employment. Failure to provide OPERS with timely notice of re-employment will result in employer liability for any overpaid pension benefits.

Special Notice and Hearing Requirements

If you are being re-employed as a retiree in the same OPERS-covered position that is customarily filled by a vote of members of a board or commission or by the legislative authority of a county, municipal corporation, or township, the OPERS employer must provide the following public notices:

1. Not less than 60 days before the re-employment commenced, give public notice (containing the time, date and location at which a public meeting was to take place) that the person is or will be retired and will be returning to work in the same position; and
2. Between 15 and 30 days before the re-employment commenced, hold a public meeting on the issue of re-employing an OPERS benefit recipient in the same position.

Your employer must notify OPERS by the end of your first month of employment. Failure to provide OPERS with timely notice of re-employment will result in employer liability for any overpaid pension benefits.

Independent Contractor

OPERS retirees can perform work for a public employer as an independent contractor; however, it may significantly impact your pension benefit. Retirees cannot continue to receive pension benefits while working as an independent contractor for the public employer from which you retired. This prohibition is applicable regardless of the number of hours or days you actually worked.

You may continue to receive pension benefits under a contract for services as an independent contractor for another public employer. However, if this occurs within the first two months of retirement, you will forfeit your pension benefits for the entire period of service as an independent contractor. Your employer is required to provide OPERS with notice of your service as an independent contractor by completing and returning to OPERS a *Notice of Re-employment or Contracted Services of an OPERS or Other System Benefit Recipient* form by the end of your first month of service. The employer is liable for any pension benefit overpayment resulting from lack of notice to OPERS. The employer is also required to provide OPERS with the completed *Independent Contractor/Worker Acknowledgment* form.

If you are an independent contractor for any public employer including the public employer from which you retired, you are not eligible to contribute to the *Money Purchase Plan*. Check with OPERS regarding a determination of the impact of your status as an independent contractor on your receipt of pension benefits.

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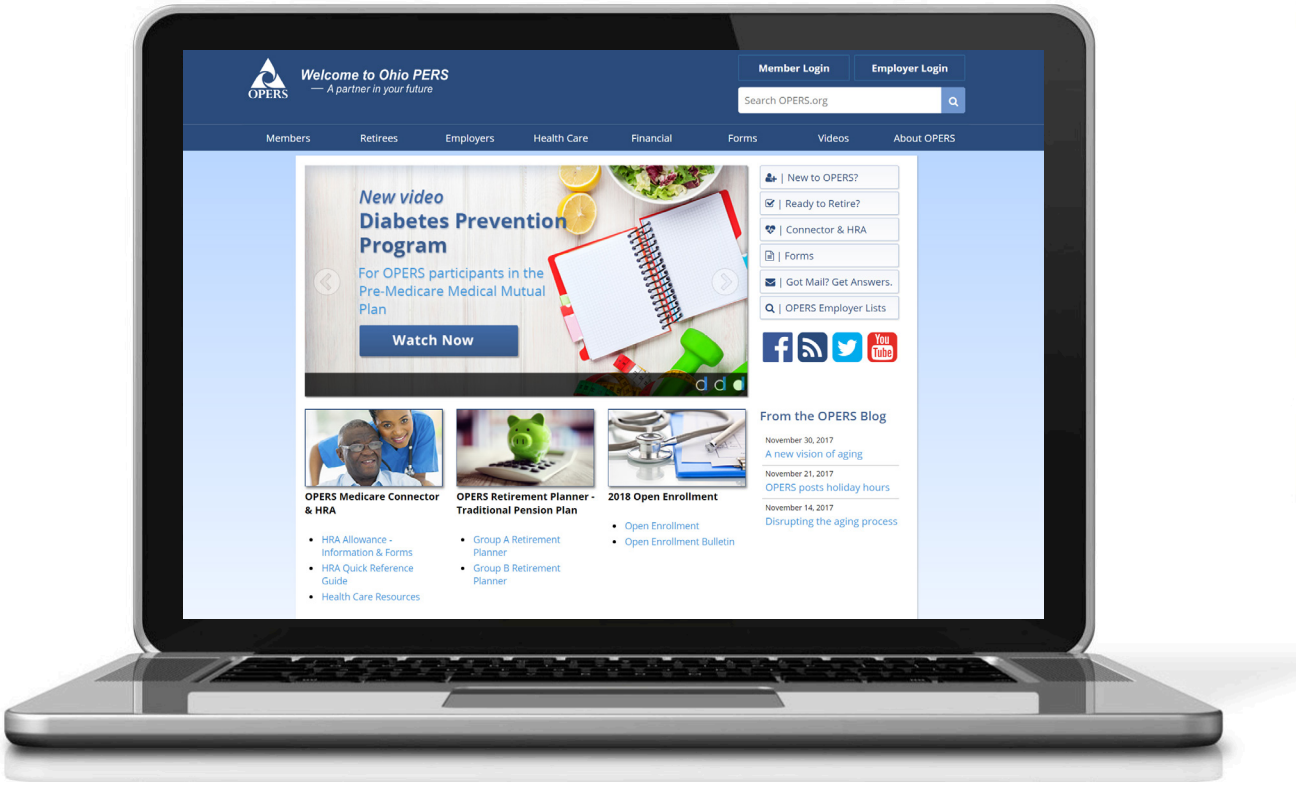

OPERS Website

Our website offers a wealth of information – you may register for an online account to access and update your personal account information, download various forms, link to other relevant sites, register for seminars and email questions through the message center.

Online Account

Your online account is available to you 24-hours a day, seven days a week. It can be accessed from the OPERS website, opers.org and allows you to securely and conveniently:

- View your monthly payment information including withholdings, deductions, etc.
- Print an *Income Verification letter* providing verification of your current monthly benefit
- Print your most recent IRS Form 1099-R
- View information about the OPERS health care program and complete Health Reimbursement Arrangement (HRA) estimates
- View your beneficiary designation
- Update or change your address
- Update or change your bank account information
- Update or change your tax withholding information

We encourage you to register for an online account and take advantage of accessing your account information 24-hours a day. You can be assured your information is secure and can be accessed only by using your own Personal Identification Number (PIN). Visit opers.org, click on "Member Login" and follow the simple instructions. If you have questions, please feel free to contact us at 1-800-222-PERS (7377) and we will be happy to assist you.



Contacting OPERS

Writing OPERS - When writing to OPERS, please include the last four digits of your Social Security number and signature. Please address all correspondence to:

Ohio Public Employees Retirement System
277 E. Town St.
Columbus, OH 43215-4642

Calling OPERS - We provide a toll-free number for use by OPERS benefit recipients and members. You may reach us at 1-800-222-PERS (7377) between 8 a.m. and 4:30 p.m. Monday through Friday (except holidays) to speak with a member services representative.

Visiting OPERS - The OPERS office is located at 277 E. Town St. in downtown Columbus. Counselors are available daily by appointment, Monday through Friday, from 8 a.m. until 4:30 p.m. (except holidays). Free parking is available in our private parking garage.

OPERS Board of Trustees

The 11-member OPERS Board of Trustees meets monthly to review and formulate policies concerning OPERS members and benefit recipients. Although Board members receive no compensation, reimbursement is made for necessary expenses while serving the system.

For a current list of Board Members, visit opers.org.

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It is your responsibility to be certain that OPERS has your current physical and e-mail address on file. If OPERS is not made aware of address changes, we cannot guarantee that you will receive important information pertaining to your OPERS account. This publication is written in plain language for use by public employees who are subject to coverage under the Ohio Public Employees Retirement System. It is not intended as a substitute for the federal or state law, namely the Ohio Revised Code, the Ohio Administrative Code, or the Internal Revenue Code, nor will its interpretation prevail should a conflict arise between it and the Ohio Revised Code, Ohio Administrative Code, or Internal Revenue Code. Rules governing the retirement system are subject to change periodically either by statute of the Ohio General Assembly, regulation of the Ohio Public Employees Retirement Board, or regulation of the Internal Revenue Code. If you have questions about this material, please contact our office or seek legal advice from your attorney. OPERS is not required to provide a health care program to retirees or their dependents and will only do so at the discretion of the Board of Trustees.

BRHBK (Revised JANUARY 2022)