

The Benefits of Membership

a comprehensive overview



Ohio Public Employees Retirement System

May 2008



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Welcome and congratulations - you are now part of one of our nation's premier public pension systems. For more than 65 years, the Ohio Public Employees Retirement System has been providing Ohio's public employees with peace of mind through financial security and exemplary service. Today, we are proud to be able to offer quality benefits, which may include certain disability and survivor protection, as well as access to health care coverage. New members have the opportunity to select enrollment in one of three retirement plans based on their individual financial goals.

This *Member Handbook* is an excellent resource for you as a member of Ohio PERS. It details our three retirement plans: the Traditional Pension Plan, the Member-Directed Plan, and the Combined Plan as well as general member benefits and our health care services. Take some time to read through this booklet and plan to keep it for future reference.

At Ohio PERS, we want to be a partner in your future. Please feel free to contact us via our Member Services Center at 1-800-222-PERS (7377) or our Web site, www.opers.org, with any inquiries or concerns you may have. Again, welcome to the dedication, service, and financial stability that Ohio PERS represents. We look forward to serving you for many years to come.

A handwritten signature in cursive script that reads "Chris DeRose".

Chris DeRose
Executive Director

The Ohio PERS vision statement

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

The Ohio PERS mission statement

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

About Ohio PERS and our legal status

The Ohio Public Employees Retirement System (Ohio PERS) 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 Ohio Administrative Rules governs Ohio PERS. 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. Additional information about Ohio Statutes and Rules can be reviewed by visiting the legal section of the Ohio PERS Web site at www.opers.org.

How to contact us

Visiting Ohio PERS

The Ohio PERS office is located at 277 East Town Street in downtown Columbus. The office is open daily, Monday through Friday, from 7:30 a.m. until 4:30 p.m., except holidays. Free visitor parking is available for your convenience.

Calling Ohio PERS

We provide a toll-free number for use by Ohio PERS benefit recipients and members. You may reach us at 1-800-222-7377 between 7:30 a.m. and 5:00 p.m., Monday through Friday (except holidays) to speak with a member services representative. We also offer an interactive voice response (IVR) system that allows you to request information and forms 24 hours a day, seven days a week. For members participating in the Member-Directed and Combined Plans, the Ohio PERS Help Line at 1-866-OPERS-4-U (1-866-673-7748) is available for questions about the benefits and features of these two plans and for education to help you manage your individual investment account. The Help Line is also an automated telephone system that lets you perform most account transactions over the phone, 24 hours a day, seven days a week. You may contact the Ohio PERS Help Line from 7:30 a.m. until 5:00 p.m., Monday through Friday to speak with a representative.

Writing to OPERS

When writing to OPERS please include your Social Security number and longhand signature.

Ohio Public Employees Retirement System
277 E Town Street
Columbus, Ohio 43215-4642

OPERS Web Site – www.opers.org

You can also review information and access your personal account on our Web site at www.opers.org. See below for more information about our Member Benefits System (MBS).

24-Hour Access to Your Account

Ohio PERS is proud to provide you with secure 24-hour account access, seven days a week. The easiest and fastest way to view your current account value, service credit (if applicable) and beneficiary information, keep your personal information current and request a retirement estimate is by accessing the Member Benefits System (MBS) at our Web site, www.opers.org. If you have not already registered, you will need to follow the simple instructions for getting started and obtaining a personal identification number (PIN). It is easy to get registered.

1. At www.opers.org, click on “Log in. MBS” at the upper right corner of the home page.
2. When the MBS login page appears, click “Register Now.”
3. Enter the information on the screen, and click on “Next Step.”

How to contact us *(continued)*

4. On the Registration page, create a User ID, enter your email address, and select and answer one of the security questions. (This will be used in case you forget your password in the future.)
5. Click on “Next Step.”
6. A Registration Verification page will appear that redisplay the User ID, email address, and security question and answer. You can either click on the “Previous step” button to go back and update information or you can click on the “Register” button.

After these steps, you should see a screen that lets you know your registration was successful. You will then receive your six-character PIN in the mail. Once you receive your PIN, return to the login page, and enter your User ID and your PIN. You are ready to start using MBS. Please remember, you should not share your PIN.

Changes to your address or personal data

Keeping your personal information up to date with Ohio PERS is very important. If we do not have your correct information, you will not receive statements of your account and the quarterly newsletters promptly. There are a number of convenient ways for you to let us know if you have a change in address or family status. The easiest and fastest way to make changes to your personal information is through the Member Benefits System (MBS) at our Web site, www.opers.org (see above). You will always receive a written confirmation of any changes made through MBS.

You may also make changes by contacting the Ohio PERS Member Services Center at 1-800-222-7377. You may also send your changes to our office at 277 E. Town Street, Columbus, OH 43215-4642.

Release of information

The account information of our members and benefit recipients is confidential and Ohio PERS cannot release this information to a third-party without the written authorization of the member or benefit recipient. An *Authorization for Release of Account Information* form is available at www.opers.org for you to complete and return to Ohio PERS if you wish to authorize Ohio PERS to release your account information.



New members

When you begin public employment, as a new member of Ohio PERS, you are required to file a *Personal History Record* to identify and protect your account. You also will complete the Social Security document, *Statement Concerning Your Employment in a Job Not Covered by Social Security*, which is required for new members (see page 42 for more

information about how your benefit may be affected by Social Security). Your employer submits these forms to Ohio PERS, which

initiate the process by which you will choose your retirement plan under Ohio PERS.

Eligible new employees have 180 days from their hire date to select one of the Ohio PERS Retirement Plans, either the Traditional Pension Plan, the Member-Directed Plan, or the Combined Plan. If you do not select a plan within 180 days, you will be enrolled in the Traditional Pension Plan. See “About the retirement plans” on page 13 and “Selecting my retirement plan” on page 15.

Eligibility

All employees who are paid in whole or in part by the state of Ohio, a county, municipality or any other political subdivision of state or local government in Ohio are enrolled in Ohio PERS and who are not in a position covered by another state retirement system in Ohio or by the Cincinnati Retirement System.

Membership for elected officials may be optional, page 8 for details.

Exemption

Students working for the public school system, college or university that they are attending may be exempt from contributing to Ohio PERS by filing a request for exemption within the first month of employment.

However, if you choose to exempt your service and subsequently become a member, this service may be purchased under the Traditional Pension and Combined Plans. See “Purchased service,” page 20, for details.

Eligibility *(continued)*

Exclusions

The following individuals are ineligible for Ohio PERS membership:

- Elected officials of public employers who have no employees subject to OPERS coverage
- Individuals performing services under a contract as an independent contractor
- Employees of temporary help services who perform services for public employers
- Individuals serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency
- Persons employed under the federal Job Training Partnership Act
- Members of the Motor Vehicle Salvage Dealers Board or the Motor Vehicle Dealer's Board
- Employees of private contractors, except public employees who are transferred to private contractors with previously publicly-operated functions and who perform the same duties as before
- Election workers who earn less than \$500 per calendar year
- Firefighters, except those who were members before Aug. 3, 1992, and elected to remain members
- Board members of city or general health district boards of health whose compensation is established in Ohio Revised Code Section 3709.02 or 3709.05
- Full-time employees of state colleges/universities who choose to participate in an Alternative Retirement Plan (ARP)
- Board members of a sanitary district established under Ohio Revised Code Chapter 6115
- Inmates of state correctional institutions
- Patients in hospitals operated by the Departments of Mental Health or Mental Retardation and
- Patients in the Ohio Veterans' Home and residents of county homes.

Law enforcement and public safety officers

Ohio PERS provides special retirement coverage for certain law enforcement and public safety officers who are required to participate in the Traditional Pension Plan. Full-time law enforcement and public safety officers of colleges and universities may be eligible to participate in an alternative retirement plan (ARP). The following individuals, who must have a Peace Officer's Training School Certificate, are eligible to contribute as law enforcement and public safety officers:

- Full-time sheriffs and deputy sheriffs
- Full-time criminal bailiffs or court constables who were deputized by a county sheriff
- Full-time township constables or police officers
- Full-time county narcotics agents
- Full-time undercover drug agents
- Full-time enforcement agents with the Ohio Department of Public Safety
- Full-time natural resources law enforcement officers
- Full-time park officers
- Full-time forest officers
- Full-time preserve officers, with the Ohio Department of Natural Resources
- Full-time wildlife officers
- Full-time state watercraft officers
- Full-time park district police officers
- Full-time conservancy district officers
- Full-time municipal corporation police officers not covered by the Ohio Police and Fire Pension Fund

Law enforcement and public safety officers
(continued)

- Full-time police employed by the Ohio Veterans' Home
- Special police employed by a state mental health institution
- Special police employed by a state institution for the mentally retarded and developmentally disabled
- Full-time state university law enforcement officers
- Full-time house sergeant at arms and assistant house sergeant at arms
- Full-time regional transit authority police officers
- Full-time state highway patrol police officers
- Full-time public safety directors of municipal corporations with the duty of directing both the municipal corporation's fire and police departments
- Full-time bailiffs or deputy bailiffs appointed by the Hamilton County Municipal Clerk of Courts

There are two categories of members within the Ohio PERS Law Enforcement division.

- **Law enforcement officers** whose primary duties are to preserve the peace, to protect life and property and to enforce the laws of Ohio, currently contribute at a rate of 10.1 percent. The officers may retire under the law enforcement division as early as age 48 with at least 25 years of such service.
- **Public safety officers** whose primary duties are other than to preserve the peace, protect life and property and enforce the laws of Ohio (including full-time bailiffs or deputy bailiffs appointed by the Hamilton County Municipal Clerk of Courts under Division (A)(3) of Section 1901.32) currently contribute at a rate of 9.75 percent. These officers may retire under the law enforcement division at age 52 or receive a reduced benefit as early as age 48 with at least 25 years of service. By choosing to take retirement benefits early, the officer agrees to accept 75 percent of the full benefit at age 48, 80 percent at age 49, 86 percent at age 50 or 93 percent at age 51.

Members who are contributing as law enforcement or public safety officers in the Traditional Pension Plan and have non-law enforcement OPERS-covered positions are required to contribute as law enforcement or public safety officers and as non-law enforcement members, and may earn separate benefits for each type of service.

Elected officials

Membership in OPERS may be optional for service as an elected official; however, if you do not choose membership in OPERS you must contribute to Social Security.

Membership in OPERS as an elected official is required if you have an Ohio PERS account through previous elective service or if you are retired from Ohio PERS or another Ohio retirement system. If you are retired under Ohio PERS or another Ohio retirement system and return to work as an elected official, you will be treated as a re-employed retiree (see “Re-Employed retirees”, page 59).

If you wish to join Ohio PERS, you must file a *Personal History Record* to identify and protect your account. This form is available from your employer, the OPERS office or at www.opers.org. OPERS will contact you regarding your option to contribute to the retirement system for your elective service.

Elected officials who choose to join the System have 180 days from the date membership begins to select one of the Ohio PERS retirement plans (see “Selecting my retirement plan” on page 15). Membership in Ohio PERS will limit your ability to make tax-deferred contributions to an individual retirement account (IRA).

Elected officials who contribute for at least 18 months may purchase credit representing previous elective service if they select the Traditional Pension or the Combined Plan. For elected officials, more information concerning these provisions can be found in the leaflet, *Elected Officials*, which is available from the Ohio PERS office or on the publications page of our Web site, www.opers.org.

Membership in multiple retirement systems

Ohio PERS members participating in any of the Ohio PERS retirement plans who have acquired service in the State Teachers Retirement System of Ohio (STRS) or School Employees Retirement System of Ohio (SERS) may retire independently from each system. This allows the member to receive a benefit from each system. Under this option, a member must meet age and service credit requirements, which are specific to each system, to be eligible for retirement. If an independent retirement benefit is chosen, concurrent service credit in all systems may be adjusted and total credit reduced.

At retirement, Ohio PERS members participating in the Traditional Pension Plan may choose to have their contributions and total service credit in Ohio PERS, SERS and the STRS Defined Benefit Plan combined for the purpose of determining eligibility for and calculation of benefits. The system that has the most service credit will pay the benefit, while funds and service credit in the other system(s) are transferred to the paying system.

Alternative Retirement Plans (ARPs)

All eligible full-time employees of state colleges and universities (including law enforcement and public safety officers and re-employed retirees) are eligible to make an election to participate in an ARP in lieu of membership in Ohio PERS.

All ARP elections are irrevocable and will remain in effect while the person is continuously employed with the same college/university. Ohio PERS service credit is not available for any period covered by an ARP.

In an effort to seek additional health care funding (see page 53 for health care information), Ohio PERS began increasing member and employer contribution rates in January 2006. These rate increases will be phased in over three years. After three years, state and local employers and members will be contributing the maximum amounts allowed by law. Law enforcement and public safety employer rates will be phased in to the maximum amount over six years. Employer rates will be raised from 13.31 or 13.55 percent to the maximum 14 percent for state and local employers and from 16.7 percent to 18.1 percent for law enforcement employers. Member contribution rates were raised from 8.5 percent to 9.0 percent and will be raised to the maximum 10 percent for members employed by state and local employers.

Member contributions

As a member of Ohio PERS you are required to make contributions through payroll deduction to the retirement plan you select. The contribution rate for state and local employees is 10.00 percent of earnable salary. Law enforcement and public safety officers in the Traditional Pension Plan currently contribute fixed rates of 10.1 percent.

Federal tax law permits employers to pay or pick-up employee contributions to Ohio PERS. This enables employers to remit your contributions on a tax-deferred basis. (Refer to "Tax liability on lump sum payments," page 63.)

For members participating in the Traditional Pension Plan, member contributions are credited to your defined benefit account and invested as determined by the Ohio PERS Board. A statement of account as of the previous December 31st is mailed to these members each year.

For members participating in the Member-Directed and Combined Plans, member contributions (less an administrative fee) are credited to the member's individual defined contribution account and invested as directed by the member. Statements of account are mailed to these members quarterly.

All members can view their account information with 24-hour access through our Member Benefits System at www.opers.org. Read more about MBS on page 2.

Employer contributions

Employers are required to make monthly contributions to the system on the basis of a percentage of earnable salary. Penalties and interest are added for late payments and/or reports. The contribution rates for employers is shown at right:

Employer Contributions				
	2008	2009	2010	2011
State	14.00	14.00	14.00	14.00
Local	14.00	14.00	14.00	14.00
Law Enforcement	17.40	17.63	17.87	18.10

Employer contributions *(continued)*

For members participating in the Traditional Pension Plan, a portion of employer contributions is credited to a health care fund that is invested as directed by the Ohio PERS Retirement Board to pay for health care-related expenses for retirees. Another portion is credited to an employer fund and invested as directed by the Retirement Board for the purpose of funding retirement, disability and survivor benefits in the Traditional Pension Plan.

If the OPERS actuary determines that the number and demographic characteristics of members who have elected to participate in the Member-Directed Plan or Combined Plan results in a negative financial impact on the Traditional Pension Plan, a portion of the employer contributions may be withheld and credited to the Traditional Pension Plan. This impact is reviewed each year. More information is available by visiting “Selecting Your Plan” at www.opers.org, in the “Members” section.

For members participating in the Combined Plan, a portion of the employer contributions is deducted for the mitigating rate and another portion is credited to a health care fund that is invested as directed by the Ohio PERS Retirement Board to pay for health care-related expenses for retirees. A portion is also credited to an employer fund and invested as directed by the Retirement Board for the purpose of funding retirement, disability and survivor benefits in the Combined Plan.

For members participating in the Member-Directed Plan, a portion of the employer contributions is deducted for the mitigating rate, another portion is credited to the member's individual account and invested as directed by the member, and another portion is credited to the member's Retiree Medical Account (see "Health care", page 55).

What is earnable salary?

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

Earnable salary includes, but is not limited to, the following:

Payments made by the employer in lieu of salary,

wages or other earnings for sick leave, personal leave or vacation used by the member. Payments made by the

- employer for the conversion of sick leave, personal leave and vacation leave accrued, but not used, if the payment is made during the year as part of an approved annual conversion program (except for payments to state employees).

Payments made annually or

- more frequently as a supplement for longevity of service.

Payments for overtime

- worked if paid in the year earned.

One-time lump sum or

- periodic bonus payments that are based on the employee's basic rate of pay.

What is earnable salary?

(continued)

Earnable salary does not include, and is not limited to, the following:

- Amounts paid by the employer to provide life insurance, sickness, accident, endowment, health, medical, hospital or other insurance for the member or the member's family, or amounts paid by the employer to the member in lieu of providing this insurance.
- Incidental benefits including lodging, food, laundry, parking or services furnished by the employer, or use of the employer's property or equipment, or amounts paid by the employer to the member in lieu of providing these incidental benefits.
- Reimbursements for job-related expenses authorized by the employer, including moving and travel expenses and expenses related to professional development.
- Payments made at termination of employment for accrued vacation, sick or personal leave or overtime compensation.
- Amounts paid under an agreement to retire.
- Pay differential amounts between a member's civilian pay and military pay while the employee is on active duty in the armed forces.
- One-time, lump-sum payments or bonus payments made periodically, but not related to or not made upon the basis of an individual member's rate of pay.

If an employer or an employee is uncertain as to the treatment of compensation for Ohio PERS purposes, he or she should request a determination by the Retirement System. The request must be in writing and include all necessary information and documentation as to the compensation.





Ohio PERS understands that each of our members has unique and changing needs when it comes to planning for retirement. Ohio PERS offers three retirement plans to its members to meet these needs: the Traditional Pension Plan, the Member-Directed Plan, and the Combined Plan.

The Traditional Pension Plan

The Traditional Pension Plan is a defined benefit plan under which a member's retirement benefit is based on a formula. The formula is determined by years of service credit and the average of the three highest years of earnable salary, referred to as final average salary (FAS).

OPERS manages the investment of employee and employer contributions to ensure that funds are available to pay the formula benefit. The Traditional Pension Plan also includes disability and survivor benefits, as well as cost-of-living adjustments after retirement and access to health care coverage. Additional information on these benefits begins on page 45.

The Member-Directed Plan

The Member-Directed Plan is a defined contribution plan under which employee and employer contributions are deposited into a member's individual account and invested as directed by the member. The member's retirement benefit is based on member and employer contributions and the gains and losses on those contributions. Under the Member-Directed Plan, the member directs the investment by selecting from professionally managed Ohio PERS investment options. 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. Read more about the RMA on page 55.

The Combined Plan

The Combined Plan is a retirement plan with both a defined benefit and a defined contribution component. Under the defined benefit portion of the Combined Plan, the member's retirement benefit is determined by a reduced formula (similar to the Traditional Pension Plan). Ohio PERS investment professionals manage the investment of employer contributions to ensure that funds are available to pay the reduced formula benefit, as

well as disability and survivor benefits, cost-of-living adjustments after retirement and access to health care coverage in retirement. Additional information on these benefits begins on page 45. Under the defined contribution portion of the Combined Plan, member contributions are deposited into a member's individual account and invested as directed by the member. The member's retirement benefit under this portion of the Combined Plan

is based on member contributions and the gains and losses on those contributions. The member directs the investment by selecting from among the OPERS Investment Options. See page 10 for more information about how employer contributions are treated under the Member-Directed and Combined Plans.

Three Ohio PERS plans – your choice

Traditional Pension Plan

Member-Directed Plan

Combined Plan

Note: Each of the Ohio PERS retirement plans is a separate qualified retirement plan with its own features and benefits. Eligibility for most benefits is determined separately under each plan. Except in certain instances, contributions and service under the three Ohio PERS plans are not combined to determine eligibility for or to calculate benefits.

Who is eligible to select a retirement plan?

New members hired after Jan. 1, 2003, are eligible to select one of the three Ohio PERS retirement plans. All eligible members will have a 180-day enrollment period from the date they were hired in which to make their retirement plan selection. If a member does not select a plan within the 180-day enrollment period, they will be defaulted into the Traditional Pension Plan.

Members who are ineligible to select one of the retirement plans include law enforcement and public safety officers, all re-employed retirees and Ohio PERS members who were hired before Jan. 1, 2003 and who had more than five years of service credit as of that date. These employees will be enrolled in the Traditional Pension Plan, with the exception of re-employed retirees who are covered under a Money Purchase Plan (see “Re-employed retirees,” page 59).

Full-time college and university employees who elect to participate in the Alternative Retirement Program (ARP) are not eligible for coverage under an Ohio PERS retirement plan.

Eligible individuals attending a police academy have the ability to select one of the three OPERS retirement plans. However, when they graduate from the academy and begin contributing to OPERS as a law enforcement officer, by law they must contribute to the Traditional Pension Plan. If they were contributing to the Member-Directed or Combined Plan as a student in a police academy, they will no longer be eligible to participate in the Member-Directed or Combined Plan and will be enrolled in the Traditional Pension Plan. In selecting a retirement plan as a student, this requirement should be considered.

After Ohio PERS receives your completed Personal History Record form (see page 5) and determines that you are eligible to select one of the retirement plans, a Retirement Plan Selection Kit will be sent to your address on record with Ohio PERS. It contains the Retirement Plan Selection Guide for new members to help you make your plan selection decision. If you are not eligible to select a plan, you will receive a packet that includes details about the Ohio PERS retirement plan in which you are already participating. The features and benefits of the three retirement plans are described in detail throughout this Handbook.

How To Select Your Ohio PERS Retirement Plan seminar

This 90-minute seminar is designed for new members to attend within their 180-day enrollment period. Presenters will walk you through the process of selecting a plan, introduce tools and resources to help in your decision-making and review each of the three Ohio PERS retirement plans. Members will get a side-by-side comparison of the plans and

be introduced to the nine Ohio PERS investment options. The seminar also provides you with an opportunity to ask questions and to hear questions from other members. A list of seminars is included in your *Retirement Plan Selection Kit* and also is available at www.opers.org. You do not have to wait to receive your kit to attend a seminar.

You can register to attend a seminar through the Web site or by calling the Ohio PERS Member Services Center at 1-800-222-7377.

See page 35 for other seminars you can attend throughout your career and as you near retirement.

Plan Comparison Wizard at www.opers.org

The Plan Comparison Wizard is a tool to help you compare the three Ohio PERS retirement plans. The Wizard allows you to input details

about your unique situation and it will estimate the benefits provided by each plan at retirement. The Wizard also will provide a

side-by-side comparison of the three retirement plans. You can access the Wizard at www.opers.org.

Other plan selection counseling opportunities

The Ohio PERS Help Line at 1-866-OPERS-4-U (1-866-673-7748) is available to help with your retirement plan selection questions. You may contact the Help

Line from 8:00 a.m. until 6:00 p.m., Monday through Friday to speak with a representative. You also may schedule a face-to-face session with an

Ohio PERS counselor by calling the Member Services Center at 1-800-222-7377. There is no charge for the counseling session.

How to enroll in an Ohio PERS retirement plan

There are three ways to enroll in one of the Ohio PERS retirement plans. You can complete and submit the *Retirement Plan Selection Form*, which is mailed with

the *Retirement Plan Selection Kit*. With your PIN (see page 2 to learn how to register for MBS), you can select your retirement plan through the

Member Benefits System (MBS) at www.opers.org or with the Ohio PERS Help Line at 1-866-OPERS-4-U (1-866-673-7748).

Ohio PERS members eligible to select a plan will have three opportunities to change their retirement plan based on the following guidelines:

- Prior to reaching five years of total service credit;
- After reaching five but with less than 10 years of total service credit and
- After reaching 10 years of total service credit.

Total service credit in the Traditional Pension Plan and Combined Plan is calculated based on the service credit earned while you were making contributions in the particular plan or any service you purchased or your contributing months in the Member-Directed Plan. If you have contributions in more than one OPERS retirement plan, total service credit is based on the service in all plans in which you had contributing or purchased service.

Members who are not eligible to make an initial retirement plan selection are required to participate in the Traditional Pension Plan and are not eligible to change their retirement plan selection. These members include those who had accrued five or more years of total service credit as of Dec. 31, 2002, Ohio PERS law enforcement and public safety officers

(regardless of the amount of accrued service credit) and Ohio PERS retirees and other state retirement system retirees who return to Ohio PERS-covered employment and contribute to a money purchase annuity in the Traditional Pension Plan.

A retirement plan change takes effect on the first day of the month following the month the form is received by Ohio PERS. Member and employer contributions for pay periods after the effective date of the plan change will be credited to the member's new retirement plan. A plan change not used in a specified period may not be carried over to the next period.

Changing your retirement plan has important consequences that will impact both the benefits you have accrued under the plan in which you are participating and the benefits you will accrue in your new retirement plan. When changing plans, in certain circumstances you can purchase service in your new retirement for contributing service in your prior plan. However, please note that if you initially select or default to the Traditional Pension Plan, your service credit in the Traditional Pension Plan cannot be purchased in the Combined or Member-Directed

Plan if you later change to one of those plans.

Each of the Ohio PERS retirement plans is a **separate qualified retirement plan** as determined by the Internal Revenue Service. Among other things, that means, except to the extent expressly permitted by the rules governing purchasing service credit, contributions and service credit under the three Ohio PERS retirement plans are not combined for purposes of determining eligibility for or calculating benefits (including calculating vesting percentages and years of participation). Except in certain instances, contributions and service credit accrued under each plan are governed by the terms of that plan. Waiting periods apply for those who change to either the Traditional Pension or Combined Plan, before you can apply for disability retirement.

Before changing retirement plans, you should meet with an OPERS counselor to make sure you fully understand the consequences of making a change. You also should take time to review the appropriate *Changing Your Retirement Plan* leaflet. You may wish to consult with your own financial advisor concerning your plan change.



Service credit in the Traditional Pension and Combined Plan, or contributing months for Member-Directed Plan participants, represents the period of time during which you are employed by a public employer and making contributions to Ohio PERS. You also may be eligible to purchase service credit and, in some instances, free credit may be available. Service credit in the Traditional Pension Plan and Combined Plan is an important factor in determining both eligibility for and calculation of your retirement benefit and any potential health care coverage. Contributing months in the Member-Directed Plan is important for determining the vesting of your employer contributions. Refer to the Ohio PERS leaflet, *Service Credit and Contributing Months*, for specific details about purchasing service credit or contributing months. The leaflet is available on www.opers.org, from the Ohio PERS office or through your employer.

Contributing service

Under the Traditional Pension and Combined Plans

You earn contributing service credit when your contributions are remitted to Ohio PERS by your employer and posted to your account. If contributions are not remitted during a pay period on your behalf, then no service credit is earned for that pay period. Under the Traditional Pension and Combined Plans, service credit is calculated on a monthly basis, January through December of each year and is used to determine eligibility for retirement, disability and survivor benefits, as well as any potential health care coverage.

You cannot receive more than one year of service credit for any calendar year, even if you are employed concurrently in more than one public job.

Neither can you receive a full year of service credit if your length of employment or earnings per month indicates less than full-time service. Earnings are allocated to months depending on the pay period end date. All pay periods ending within a particular calendar month will be consolidated to arrive at earnings for that month. This is true even if a pay period starts in a previous month. Earnable salary of \$150 or more per month counts as full-time employment through Dec. 31, 1984. Earnable salary of \$250 or more per month counts as full-time credit beginning Jan. 1, 1985. If you work less than 12 months in a year or your earnable salary was less than these amounts, you will receive part-time service credit.

Under the Member-Directed Plan

If you are participating in the Member-Directed Plan,

you earn contributing months rather than service credit (referred to as attained years of participation in the chart on page 29) when your contributions are remitted to Ohio PERS by your employer and posted to your account at Ohio PERS. If contributions are not remitted during any month on your behalf, then you will not receive a contributing month for that month.

Employer contributions made to your account are vested based on your contributing months of service in the Member-Directed Plan. One year of participation is defined as 12 contributing months of participation in the plan. The percentage you are vested determines the amount of employer contributions you are entitled to receive either when you refund or when you retire. See the chart on page 29 for specific details.

Purchased service credit

You may be eligible to purchase service credit or contributing months through Ohio PERS in one or more direct payments or through your employer by payroll deduction, subject to certain limitations. This includes the purchase of credit for positions held out-of-state, with the federal government or with an Ohio municipal retirement system. While purchased service will be used in the calculation of regular Ohio PERS benefits under the Traditional Pension Plan and the defined benefit portion of the Combined Plan, only certain types of service may be used in the calculation of a law enforcement benefit under the Traditional Pension Plan. For more information please refer to the Ohio PERS leaflet, *Law Enforcement/Public Safety Officers*.

Rollover distributions from another qualified plan may also be used to purchase service credit in the Traditional Pension and Combined Plans or contributing months in the Member-Directed Plan. Additionally, members participating in the Traditional Pension or Combined Plans may purchase service credit with a plan-to-plan transfer from a 457(b) or 403(b) plan. All purchases should be made prior to submitting your retirement application to prevent a delay in benefits. Please contact OPERS if you wish to make a service purchase or complete an existing purchase. OPERS will provide you with a cost statement and advise you of the methods in which you can submit payment. Federal tax law may limit the amount of certain types of service credit purchased in a year. Partial purchases of service are excluded from the calculation of final average salary for your retirement benefit. You should refer to the *Service Credit* leaflet or contact Ohio PERS for specific details concerning the purchase of service credit.

If you are a registered user of MBS (see page 2 for details), you can log in and obtain an estimated cost for the following types of service credit: elective, 35 percent additional elective service credit, exempt, leave of absence, out of state, federal, regular military, refunded and school board. MBS also allows you to check your payoff balance, payment history and payment statements online. Visit our Web site to learn more.

Under the Traditional Pension and/or Combined Plans only

The following sections set forth the various types of service credit that may be purchased in either the Traditional Pension or Combined Plan.

Military service

You may purchase up to five years of active military service (which may include Red Cross service in a combat zone) or an amount equal to accumulated Ohio service credit, whichever is less, if that military service credit is not used for other retirement pay (except Social Security or retired pay for non-regular service under 10 U.S.C.A. 12731-12739). Also, if the enemy captured you, you may purchase up to five years spent as a prisoner of war. Active duty, including training activities in the Ohio National Guard or a reserve component of the United States armed forces, can also be purchased.

For persons combining accounts and retiring on a joint basis under the Traditional Pension Plan from OPERS and another non-uniformed Ohio retirement system such as STRS or SERS, a maximum of five years of military service may be purchased between Ohio PERS, STRS and SERS.

The percentage rate used to determine the cost to purchase this credit may differ depending on whether you are participating in the Traditional Pension Plan or Combined Plan. A copy of the discharge or separation notice (Form DD 214) must be submitted as evidence of the military service or discharge. You must establish a year of full-time, Ohio contributing service before a cost statement can be prepared.

Purchased service credit *(continued)*

Free Military service

Up to 10 years of free service credit may be granted if you left public employment for active duty in the armed forces (after a minimum of one year of contributing Ohio PERS service). No more than three months may elapse between your termination of contributing service and entry into military service. Upon your return to contributing status with Ohio PERS, STRS, SERS, Ohio Police and Fire Pension Fund (OP&F), State Highway Patrol Retirement System (HPRS) or the Cincinnati Retirement System (CRS), you may purchase your military service within two years after discharge. You must establish one year of service credit in the Traditional Pension or Combined Plan upon your return to public employment and furnish Ohio PERS with a copy of your discharge or separation notice (Form DD214). Military service that will be used for other retirement pay (except Social Security) cannot be granted as free service.

Out-of-state, federal, or Ohio municipal retirement system service

You may purchase credit for: 1) service with the federal government; 2) service in another state which, had the service been in Ohio, would have been covered by an Ohio retirement system; and 3) contributing service in a municipal retirement system in Ohio.

The maximum credit that may be purchased is five years or an amount equal to your total Ohio retirement system service credit, whichever is less.

For persons retiring under the Traditional Pension Plan and jointly with another non-uniformed retirement system such as STRS or SERS, a maximum of five years of out-of-state service may be purchased between the non-uniformed retirement systems, Ohio PERS, STRS and SERS.

Service credit used or that will be used in another retirement benefit other than Social Security may not be purchased. You must establish a year of full-time, continuous Ohio contributing service before a cost statement can be prepared for the out-of-state, federal or Ohio municipal retirement system service to be purchased.

Certification by the appropriate federal, state, or municipal authority must be presented to Ohio PERS. Affidavits for proof of out-of-state, federal, or municipal retirement system service credit cannot be accepted. A *Certification of Federal, Out-of-state or Municipal Service* form must be completed for certification of the service to be purchased.

Exempt service

If you have been a member of Ohio PERS contributing for at least 18 months, you may purchase service credit, which was previously covered by a valid exemption under Ohio PERS. The percentage rate used to determine the cost to purchase this credit may differ depending on whether you are participating in the Traditional Pension Plan or Combined Plan. A *Certification of Unreported Public Service* must be completed for certification of the service to be obtained.

Purchased service credit *(continued)*

Leave of absence

Up to one year of credit may be purchased if you were on an authorized leave of absence for any reason or resigned due to pregnancy or adoption of a child anytime after Jan. 1, 1935. You must have worked at least one year in the Traditional Pension Plan or Combined Plan after returning from the leave. If you were off the payroll for less than one year due to an approved leave of absence, you may purchase that service within a 12-month period beginning on the date of the leave with no additional interest (also see Leave of absence on page 25 for all three Ohio PERS retirement plans). To obtain a cost statement, provide a letter from your employer stating the following:

1. You were on an authorized leave of absence or resigned due to pregnancy or adoption of a child
2. The inclusive dates of the leave of absence
3. And the rate of pay and monthly gross earnings you earned at the time your service was interrupted by the leave due to pregnancy and birth of a child or adoption of a child.

If your resignation was due to pregnancy or the adoption of a child, we also need a copy of the child's birth certificate or adoption decree.

Plan change service

If you change from the Member-Directed Plan to the Traditional Pension Plan or the Combined Plan, or from the Combined Plan to the Traditional Pension Plan, in some instances you may be able to use the vested portion of your individual account in the Member-Directed Plan or your account value in the Combined Plan to purchase equivalent service in the Traditional Pension Plan or Combined Plan.

The cost is determined by a calculation recommended by the Ohio PERS actuary. This purchase must be completed or initiated (depending on your form of payment) within 180 days of the effective date of your plan change. Please refer to the *Changing Retirement Plans* leaflets for more detailed information.

School board service

You may purchase credit for service as a school board member that was performed before June 30, 1991, if you retire within 90 days of the purchase. The percentage rate used to determine the cost to purchase this credit may differ depending on whether you are participating in the Traditional Pension Plan or Combined Plan. A *Certification of Unreported Public Service* must be completed for certification of the service to be obtained.

Elected/Appointed service

Any elected official may purchase service for earlier non-contributing elected service after the official has contributed to OPERS for at least 18 months, provided the service was not subject to Social Security. A *Certification of Unreported Public Service* must be completed for certification of the service to be obtained.

Purchased service credit *(continued)*

Any elected official, or individual, who has been appointed by the Governor with the advice and consent of the Ohio Senate to serve full-time as a member of a board, commission or other public entity may also purchase 35 percent additional credit under the following criteria:

1. Ohio PERS membership was established prior to Jan. 1, 2001;
2. Participation was in the Traditional Pension Plan or Combined Plan;
3. Credit must be purchased for full-time service only;
4. Full-time terms were NOT subject to Social Security.

For those elected officials who became Ohio PERS members on or after Jan. 1, 2001, federal tax law limits the amount of 35 percent additional credit to five years and only if the member has at least five years of Ohio PERS service credit.

If a retirement benefit for an elected official includes 35 percent additional purchased service credit and the calculated benefit amount is greater than the maximum benefit allowed, OPERS will refund all or a portion of the amount paid to purchase the 35 percent additional service credit.

Workers' Compensation

You may be eligible to claim service credit in the Traditional Pension or Combined Plan for any period during which you were off the payroll because of an injury for which a weekly award through Workers' Compensation was received.

Your claim number and a record from the Bureau of Workers' Compensation must be submitted as proof. A maximum of three such years may be claimed.

Ohio Police and Fire Pension Fund, Highway Patrol Retirement System or Cincinnati Retirement System

Service credit may be granted by a direct transfer of contributions to Ohio PERS for an OPERS member who also has contributions on deposit with, but is no longer contributing to OP&F, SHPRS or Cincinnati Retirement System. If the contributions were refunded, then the service credit must be repurchased in the retirement system where the member currently contributes. The Ohio PERS Traditional Pension and Combined Plan can accept direct transfers from OP&F, HPRS or the Cincinnati Retirement System. However, due to Ohio retirement law, these previously mentioned systems can only accept direct transfers from the OPERS Traditional Pension Plan.

Under the Traditional Pension Plan only

Retirement incentive plan credit

For members participating in the Traditional Pension Plan, total service credit may include credit purchased by an employer for an eligible employee under a statutorily-authorized retirement incentive plan adopted by the employer. This credit does not apply toward health care eligibility. The service credit purchased for the employee cannot exceed the lesser of the following: the amount

of service credit specified in the employer's plan not to exceed five years, or 20 percent of the employee's established service credit.

If you participate in the Member-Directed or the Combined Plan, you must change to the Traditional Pension Plan to be eligible to participate in a retirement incentive plan, provided you have a plan change available and would be eligible to apply for age and service retirement under the Traditional Pension Plan.

Purchased service credit *(continued)*

Under all three OPERS retirement plans

Redeposit of refunds

OPERS members who received a refund from the Traditional Pension or Combined Plan may redeposit the amount withdrawn to the same plan from which the member refunded. The amount required for redeposit differs for each of the plans. For information concerning eligibility or to request a cost statement for the redeposit, contact the Ohio PERS Member Services Center at 1-800-222-7377.

The Traditional Pension Plan: After returning to public employment for at least 18 months in a job covered by one of Ohio's state retirement systems you are eligible to redeposit the money withdrawn from the Traditional Pension Plan. The redeposit automatically restores the service credit that was lost as a result of the refund. The cost will include the amount refunded, plus interest.

If service has been refunded from SERS or STRS, members in the Traditional Pension Plan have the option of re-establishing that service. It may be purchased directly with the other system or via payroll deduction with the current Ohio PERS-covered employer if the member is no longer a contributing member of the other system.

The Member-Directed Plan: Members cannot restore or purchase refunded Member-Directed Plan participation in any of the three

OPERS retirement plans. However, all Member-Directed Plan participants can execute a pre-tax rollover from another qualified retirement plan in any amount, and can also make voluntary after-tax contributions, subject to federal tax law limitations. These deposits do not restore any contributing months previously withdrawn from the Member-Directed Plan. These deposits are invested in your individual account in the same investment options you selected for future contributions. For more details see "Additional voluntary contributions" on page 52. Any funds previously withdrawn from the Retiree Medical Account cannot be restored.

The Combined Plan: After returning to public employment for at least 18 months and electing to participate in the Combined Plan, you are eligible to redeposit the money withdrawn from the Combined Plan. Service in the Ohio Police and Fire Pension Fund and the State Highway Patrol Retirement System may also be used to establish the 18 months of service required for eligibility. The redeposit automatically restores the service credit that was cancelled as a result of the refund. The cost will include the amount refunded from both the defined benefit and the defined contribution portions of the Plan, plus interest.

Purchased service credit *(continued)*

Denied Salary

Any elected official whose salary is legislatively increased during a term of office and, by reason of any constitutional provision is denied receiving the additional salary, may elect to purchase the amount of the additional salary for the purpose of determining a retirement benefit under the Traditional Pension or Combined Plans or, if the elected official is participating in the Member-Directed Plan, for the purpose of increasing the amount of contributions in the member's individual defined contribution account.

Certification from the employer on the *Certification of Denied In-term Salary Increase* form must be submitted by the employer stating the additional salary and the dates of service during which the salary was denied.

Interrupted military service

You may purchase credit or contributing months for time spent in the military that interrupted your public service. You must work for an Ohio PERS-covered employer, enter the military, and return to work for the same public employer within three months of discharge or release from the uniformed services. Your cost to purchase this military service is equal to the employee contributions that would have been paid on the earnable salary that you would have received had you not gone into the military.

Interest will be added if not paid within the lesser of five years or a period, which is three times the period being purchased beginning from the later of the member's date of re-employment or Oct. 29, 1996. The employer must make the employer contributions on the earnable salary the member would have earned. A copy of the discharge or separation notice (Form DD214) must be submitted as evidence of your military service and discharge. In addition, a *Certification of Interrupted Military Service* must be completed. There is no restriction prohibiting this military service from being used for another retirement benefit.

Leave of absence

A member, who was off the payroll on an authorized leave of absence for less than one year, may purchase that service or obtain contributing months directly from Ohio PERS within a 12-month period from the beginning date of the leave. To obtain a cost statement, provide a letter from your employer stating the following:

1. You were on an authorized leave of absence
2. The inclusive dates of the leave of absence
3. And the rate of pay and monthly gross earnings at the time your service was interrupted by the leave.

Purchased service credit *(continued)*

Unreported public service

If you have service after Jan. 1, 1935 for which no deductions were taken, it may be possible to obtain service credit or contributing months. If the service was before the date contributions were required for your unit of government, or if the service was exempt, you may be eligible to buy the credit under the Traditional Pension Plan or Combined Plan.

If the service was after the date membership was required, and it was not exempt, the determination whether credit or contributing months may be granted and who will pay the cost will be made after service records are filed with Ohio PERS. A *Certification of Unreported Public Service* must be completed for certification of the service to be obtained.

Transferred service

Certain OPERS members with fewer than five years of contributing service as of Jan. 1, 2003, had a one-time opportunity to select one of the new retirement plans. Upon application, these members were eligible to have their accumulated contributions and service credit in the Traditional Pension Plan transferred to their new plan. In the Combined Plan, this transferred credit can only be used to determine eligibility for retirement. It is not used in the calculation of the retirement benefit. However, if transferred credit is purchased in the Traditional Pension Plan following a plan change from the Member-Directed or Combined Plan, it will be used to determine eligibility for and in the calculation of a retirement benefit. Refer to the *Changing Your Retirement Plan* leaflets for more detailed information and transferred service in each of the plans.



How can I name a beneficiary?

As an Ohio PERS member, your beneficiary under each of the retirement plans may be determined in one of two ways prior to your applying for and receiving an age and service retirement benefit. The first and most common is by automatic succession as established by law. The second is by specific designation, which requires you to name a person, persons, trust, estate or an institution. You may designate a different beneficiary to receive your benefits under each of the retirement plans in which you participate. A designation in one plan does not apply to another Ohio PERS retirement plan. Your account will be refunded in a lump sum if you designate multiple beneficiaries, a trust, estate or an institution. If you designate two or more beneficiaries to receive a lump sum refund of your account, you must specify the percentage of the lump sum that each beneficiary should receive. If you do not specify a percentage, the lump sum will be divided equally among the beneficiaries. However, if you participated in the Traditional Pension or Combined Plan and are survived by one or more eligible children, only monthly benefits may be paid under certain circumstances. An eligible child is any unmarried, natural or legally adopted child under age 18 (or 22 if the child is a qualified student attending an accredited school) or any age if the child is determined to be physically or mentally incompetent. For details about survivor benefits, see page 48.

Automatic succession by law

Under automatic succession, your beneficiary is determined in the following order at your death:

1. Surviving spouse
2. Children (sharing equally)

3. Dependent parents
4. Parents (sharing equally)
5. Your estate.

Specific designation

To make a specific beneficiary designation or change a previous designation, you may go to the OPERS Web site at www.opers.org and access the Member Benefits System (MBS) or download the proper form [*Member Designation of Beneficiary for the Traditional Pension Plan, Member Designation of Beneficiary for the Member-Directed Plan or Member Designation of Beneficiary for the Combined Plan*] and mail it to Ohio PERS. You also can obtain the proper form from your employer, an Ohio PERS member services representative, or by using our interactive voice response (IVR) system when calling 1-800-222-7377.

If you wish to make a specific designation or change a previous designation, follow the instructions above. There are certain circumstances when law cancels a specific

designation. Marriage, divorce, dissolution of marriage, legal separation or the birth or adoption of a child makes a prior specific designation invalid. If, after one of these events occurs, you do not submit a new designation to Ohio PERS, your beneficiary will be determined by automatic succession.

If you take a refund of your Ohio PERS account, your beneficiary designation is automatically canceled. Later, if you again become a member of the system, automatic succession will apply unless you file a specific designation with Ohio PERS.

If you are also a member of the STRS Defined Benefit Plan or SERS and participate in the Ohio PERS Traditional Pension Plan, the last beneficiary designation filed with any of the systems will apply in all systems.



Refunds

Upon leaving all public employment in Ohio, you may apply for and receive a refund.

Please note: *If you have service credit or contributing months in more than one Ohio PERS retirement plan, the service and contributing months do not add together between plans to determine your eligibility for the additional amount upon a refund.*

The refund amount differs for each of the retirement plans as described below. Taking a refund from all the plans in which you participate cancels your membership in OPERS. You can obtain the proper refund application, depending on the Ohio PERS retirement plan in which you participate, at www.opers.org.

Under the Traditional Pension Plan

As a member participating in the Traditional Pension Plan, you may receive your accumulated contributions, interest on those contributions and, if you have five or more years of qualified service credit in the Traditional Pension Plan, an additional amount that is determined based on your years of service credit (see note on page 30). If you have at least five years of qualified service credit in the Traditional Pension Plan, the amount is 33 percent of your eligible contributions.

If you have at least 10 years of qualified service credit, the amount is 67 percent of eligible contributions. Eligible contributions are the contributions you made to the plan and any amounts you paid to purchase certain types of service credit (see note on page 30), plus applicable interest. Please note that if you have service credit or contributing months in more than one Ohio PERS retirement plan, the service and contributing months do not add together between plans to determine your eligibility for the additional amount upon a refund.

An OPERS member who is a law enforcement or public safety officer terminating public employment at age 50 or older and who receives a refund 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 position from which they terminated was their law enforcement or public safety position.

Under The Member-Directed Plan

As a member participating in the Member-Directed Plan, you may receive your employee contributions and any investment earnings (or losses) on those contributions. Depending on your length of participation in the plan, you may also receive a portion of the employer contributions,

plus any investment earnings or losses), based on the following schedule:

Attained years of participation In the Member-Directed Plan	Percentage vested in employer contributions
Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

See page 55 for the vesting schedule for the Retiree Medical Account (RMA) for Member-Directed Plan participants.

A refund cancels your years of participation and they cannot be restored or purchased in any OPERS plan.

Refunds *(continued)*

Under the Combined Plan

As a member participating in the Combined Plan, you may receive your employee contributions and any investment earnings (or losses) on those contributions. If you have five or more years of qualified service credit in the Combined Plan, you may receive an additional amount that is determined based on your years of service credit (see note below). If you have at least five years of qualified service credit in the Combined Plan, the amount is 33 percent of your eligible contributions.

If you have at least 10 years of service credit, the amount is 67 percent of eligible contributions. Eligible contributions are the contributions you made to the plan (not including any gains or losses on those contributions) and any amounts you paid to purchase certain types of service credit, plus applicable interest (see note below).

Under all three retirement plans

Before a refund is made, the law requires that three months must elapse from the date you terminated public employment as certified by your employer. Payment will be sent by mail to the address shown on the refund application. With certain exceptions, if you are also a member of the STRS Defined Benefit Plan or SERS and participate in the Ohio PERS Traditional Pension Plan, an application for refund from the other system(s) must have been filed with the appropriate system in order to receive a refund from Ohio PERS. If you are eligible for a monthly retirement benefit and are legally married at the time your refund is filed, spousal consent is required. Ohio PERS will provide you with the proper form. If you terminate your employment, you are not required to take a refund of your contributions.

In many instances, it is better to leave your contributions on deposit. Depending upon your retirement plan, you may be eligible for a retirement, disability, or survivor benefit. In addition, your account may continue to earn interest or investment earnings (or losses). Member-Directed and Combined Plan participants will be charged a monthly administrative fee of \$2 to \$6 for individual account balances under \$5,000 that have not received contributions for 90 days. For more information regarding maintaining your Traditional Pension Plan account at Ohio PERS, contact the Ohio PERS Member Services Center at 1-800-222-7377. Member-Directed and Combined Plan participants should call the Ohio PERS Help Line at 1-866-673-7748 for more information. All members can refer to the Ohio PERS leaflet, *Terminating Public Employment*.

Note: The types of service credit that **do qualify** in determining eligibility for an additional amount at the time of refund include: regular contributing service, elective service, purchased/transferred State Highway Patrol Retirement System or Ohio Police and Fire Pension Fund service, redeposited service, and purchased interrupted military service.

The types of service credit that **do not qualify** in determining eligibility for an additional amount at the time of refund include: time receiving an Ohio Bureau of Workers' Compensation claim; free military service time; purchases of unreported, school board, Early Retirement Incentive Plan, denied salary, out-of-state, federal, Ohio municipal retirement system, leave of absence, military, optional, 35 percent elective service, exempt; purchased/transferred service from the Cincinnati Retirement System; purchased plan change service; and Traditional Pension Plan service transferred to the Member-Directed or Combined Plan.

If you return to Ohio PERS-covered service after you have refunded, you may be eligible to make a retirement plan selection within the first 180 days of employment. If you have previously refunded service, keep in mind; refunded service from the Traditional Pension and Combined Plan may only be restored in the retirement plan from which it was originally refunded. If you refunded your time from the Traditional Pension Plan, it can only be restored in the Traditional Pension Plan after you have attained 18 months of service in the retirement system. Combined Plan credit can only be restored in the Combined Plan after you have attained 18 months of service in that plan. Years of participation previously refunded from the Member-Directed Plan cannot be restored in any OPERS plan. However, subject to certain limitations, voluntary contributions can be made to the Member-Directed Plan if you have a balance in that plan. See “Redeposit of refunds” on page 24 for a complete discussion of this type of service purchase.





Eligibility for retirement

The eligibility requirements for a member to apply for age and service retirement are the same for the Traditional Pension Plan and the Combined Plan. Upon attaining age and service retirement eligibility in a retirement plan, you are eligible to apply for and receive retirement benefits. If you have service credit or contributing months in more than one Ohio

PERS retirement plan, the service credit and contributing months cannot be added together between plans to determine eligibility for or the calculation of an age and service retirement benefit. Termination of service is required prior to receiving an age and service retirement benefit.

Under The Traditional Pension and Combined Plans

If you have participated in the Traditional Pension or Combined Plan, have reached age 60, and have either five years of total service or at least 60 calendar months of contributing service in ones of these plans, you are eligible to retire and receive an benefit in either of these plans. You may retire with a reduced benefit as early as age 55 if you have at least 25 years of total service in either the Traditional Pension or Combined Plan. With at least 30 years of total service in one of the two plans, there is no age requirement, nor benefit reduction because of age. Again, service cannot be added together between the three Ohio PERS retirement plans to determine eligibility for or the

calculation of an age and service benefit. For more information about the different eligibility requirements for law enforcement and public safety officers, see page 6.

If you decide to retire with less than 30 years of service credit or at an age less than age 65 and you are otherwise eligible, your benefit is reduced from the full amount calculated under the single life annuity [see “Single Life Benefit (Plan B)” on page 39]. The following table illustrates how your age or service may affect your benefit:

Attained birthday	Or	Years of total service credit	Percentage of pension payable
65		30 or more	100%
64		-	97%
-		29	95%
63		-	94%
62		-	91%
-		28	90%
61		-	88%
60		27	85%
59		26	80%
55 through 58		25	75%

If you are participating in the Traditional Pension Plan and your employer has established a retirement incentive plan in which you are eligible and have chosen to participate, you must retire within 90 days after receiving the service credit under the incentive plan (see page 23 for more information on retirement incentive plan credit).

Under The Member-Directed Plan

Members participating in the Member-Directed Plan are eligible to retire after they reach age 55.

Membership in multiple retirement systems

At retirement, Ohio PERS members participating in the Traditional Pension Plan may choose to have their contributions and total service credit in Ohio PERS, SERS and the STRS Defined Benefit Plan combined for the purpose of determining eligibility for and calculation of benefits.

The system that has the most service credit will pay the benefit, while funds and service credit in the other system(s) are transferred to the paying system. If you elect not to combine your accounts, concurrent service credit in all systems may be adjusted and total credit reduced.

Continuing employment

Regardless of the retirement plan in which you are participating, members holding two or more concurrent positions in Ohio PERS, STRS or SERS, may retire from the higher

paying position and continue working in the lower paying position without forfeiting a benefit for any period of time.

Retirement is a very important life event and it is vital that you take time to plan. Ohio PERS offers various pre-retirement services including counseling and seminars to assist you with your paperwork and to answer any questions you may have.

Education seminars

Ohio PERS offers planning seminars for all stages of your career. To view a schedule and register, visit our Web site, www.opers.org. See page 16 for information about the *How To Select Your OPERS Retirement Plan Seminar* if you are a new member in your 180-day enrollment period and have not yet selected your retirement plan.

Managing Your Individual Ohio PERS Account - A Workshop

This interactive two-hour basic investment education workshop is for participants in the Member-Directed or Combined Plans. Members will learn the tools and resources available to help them manage their Ohio PERS account. They also will learn how to manage risk, how to determine their specific investor profile and more details on the nine Ohio PERS investment options.

Providing Long-Term Awareness Now (PLAN)

If you have at least five years of service credit in the Traditional Pension or Combined Plan and are more than five years from retirement, the PLAN program will meet your needs. The major focus of the PLAN seminar is on the advantages of early planning for retirement. Topics discussed include Ohio PERS benefits, financial and estate planning, deferred compensation and more.

Retirement Awareness Program (RAP)

This seminar is for you if you participate in the Traditional

Pension or Combined Plan and are within five years of retirement and also have at least five years of service credit. Topics include Ohio PERS benefits, health care, financial and estate planning, Social Security coordination and more.

Retirement Readiness

If you participate in the Traditional Pension or Combined Plan and are 12 to 18 months from retirement, the half-day Retirement Readiness Seminar is for you. Ohio PERS benefits, including the current health care coverage, are discussed, along with the process of filing your retirement paperwork.



Counseling

Our counselors are available weekdays during business hours at the Ohio PERS office to provide you with information about your retirement. They will assist you in completing the various forms and applications needed to apply for benefits or to update your record. You may request and receive a counseling session by phone or you may receive a counseling session in person by scheduling a visit to our office during regular business hours. To schedule counseling, members can reach us at 1-800-222-7377. Members covered under the Member-Directed or Combined Plan may call the Ohio PERS Help Line at 1-866-673-7748 to begin the process for distribution of their individual account.

Field representatives from Ohio PERS are available to talk with member groups of 25 or more throughout the state. With a slide show, question and answer sessions and publications, they highlight the various services Ohio PERS provides to its active members and benefit recipients. Have your employer contact the Ohio PERS office, at least 60 days in advance, to schedule a benefits presentation meeting.

Remote counseling sessions are also available throughout the state. Please check the Ohio PERS Web site at www.opers.org for a complete interview schedule. You can also contact OPERS Member Services Center at 1-800-222-7377 to obtain scheduling information.

Obtaining a retirement estimate

You may request an estimate of your Traditional Pension Plan retirement benefit or an estimate of the defined benefit portion of your Combined Plan benefit, which will give you a good idea of what to expect when you retire. Member-Directed and Combined Plan participants also may request an estimate of the monthly annuity based on the vested account value of the individual defined contribution account. You may obtain these estimates by one of the following methods: call or write the Ohio PERS office, log on to the Member Benefits System Web site at

www.opers.org or send us an email request at benefitquestions@opers.org. Remember, this is just an estimate based on information provided at the time of the request.

Your actual benefit amount cannot be determined until you retire and we have received final paperwork from your employer. Members in the Traditional Pension or Combined Plan can reach us at 1-800-222-7377. Members covered under the Member-Directed or Combined Plan may call the OPERS Help Line at 1-866-OPERS-4-U (1-866-673-7748).

How is the amount of my retirement benefit determined?

The amount of your retirement benefit is determined by the Ohio PERS retirement plan in which you are participating.

Under The Traditional Pension Plan and the defined benefit portion of the Combined Plan

Benefit payments under the Traditional Pension Plan and the defined benefit portion of the Combined Plan vary in amount depending on your length of public service, final average salary (FAS), age and payment plan selection. Your FAS is determined by taking the average of your three highest years of earnable salary. However, in no case can a benefit exceed the limits under Internal Revenue Code Section 415(b).

For members participating in the Traditional Pension Plan, your single life benefit (identified as Plan B below) is calculated by multiplying 2.2 percent of your final average salary by the first 30 years of service in the plan, and, for service over 30 years, 2.5 percent of your FAS for each year, or portion thereof.

For members participating in the Combined Plan, your single life benefit (identified as Plan B below) is calculated by multiplying 1.0 percent of your final average salary by the first 30 years of service in the plan and 1.25 percent of FAS for each year, or portion thereof, for service over 30 years. For payment options that apply to any amounts you may have in the defined contribution portion of the Combined Plan, please see “Payment options under the Member-Directed Plan and the defined contribution portion of the Combined Plan” on page 41.

If you have service in the Traditional Pension Plan or the Combined Plan and decide (and are eligible) to retire with less than 30 years of service credit or at an age younger than age 65, your benefit is reduced from the full amount calculated under the Plan B single life benefit (see chart on page 33 for reduction amounts).

How is the amount of my retirement benefit determined? *(continued)*

Under the Member-Directed Plan and the defined contribution portion of the Combined Plan

Your retirement benefit is based on the value of your individual defined contribution account balance and the payment method(s) you select.

Impact of court orders on your application for retirement

If your marriage is terminated by divorce or dissolution and, as part of the property division, the court orders you to designate your former spouse as a beneficiary on a joint and survivor annuity, you are required to designate your former spouse as a beneficiary for a specified portion upon OPERS' receipt of the court order and upon your applying for retirement. When OPERS receives a copy of the court order, the retirement system may only accept and process your retirement application if you have complied with the court order by designating your former spouse as a beneficiary on a joint and survivor annuity. If you are a member of the Combined or Member-Directed Plan, and OPERS receives a court order requiring you to designate a former spouse on a joint and survivor annuity, you are required to select a monthly annuity for your

Member-Directed Plan account and the defined contribution portion of your Combined Plan account and to designate your former spouse as a beneficiary on a joint and survivor annuity.

Should you remarry prior to applying for retirement and are subject to a court order requiring you to designate your former spouse as a beneficiary for a specified portion on a joint and survivor annuity, you may select the annuity option **Life with Multiple Survivors** (Plan F) (see payment options on page 39) to designate your current spouse and former spouse as beneficiaries. Your current spouse must consent to your payment plan selection and beneficiary designation prior to your retirement application being processed.

What are my payment options?

Under The Traditional Pension Plan and the defined benefit portion of the Combined Plan

At the time you file your application for age and service retirement under the Traditional Pension Plan or defined benefit portion the Combined Plan, you may select one of the following plans of payment for your retirement allowance:

- **Life with 50% to Surviving Spouse (Plan A)** is a joint survivorship benefit providing payment to you as long as you live and, thereafter, 50 percent of the benefit to your spouse if he/she survives you for as long as he/she lives. If you would like a percentage other than 50 percent, see Plan C or D.
- **Single Life Benefit (Plan B)** is an annuity payable throughout your life only and terminates at your death with no further monthly payment. If the total allowance received during your lifetime does not equal your accumulated contributions, the remaining accumulated contributions will be paid to your beneficiary(ies).
- **Life with Selected % to Survivor (Plan C)** is a joint survivorship annuity that pays monthly benefits to you as long as you live. After your death, payment is made to your beneficiary in a specified percentage for as long as your beneficiary lives. The percentage chosen must meet or exceed the greater of: 10 percent of your monthly benefit or a percentage that provides the beneficiary with a monthly benefit of at least \$100. You may name only one beneficiary under this Plan.
- **Life with 100% to Survivor (Plan D)** is a joint survivorship annuity that pays monthly benefits to you as long as you live. After your death, benefits in the same amount are paid to your beneficiary for life. Only one beneficiary may be named.
- **Life with Fixed Period (Plan E)** is an annuity payable throughout your life or for a guaranteed period, whichever is greater. If you die before the guaranteed period, which begins from the date of your retirement, the same amount will be payable to your sole beneficiary for the remainder of the guaranteed period. If multiple beneficiaries are selected, the annuity is paid in a lump sum at the present value. If you and the beneficiary both die before the end of the guaranteed period, the remaining payments will be paid at present value to the estate of whomever was last receiving the monthly benefit.
- **Life with Multiple Survivors (Plan F)** is a multiple joint survivorship annuity providing for payment to you as long as you live. After your death, payment will be made to your surviving beneficiaries. A minimum of two and a maximum of four beneficiaries may be designated. You will allocate a percentage to each beneficiary, which must be 10 percent or greater unless a court order provides for an allocation of less than 10 percent to a former spouse for as long as they live. Total allocations to all beneficiaries cannot exceed 100 percent. This option is available for members who retire effective Nov. 1, 2006 and after.

What are my payment options? *(continued)*

Partial Lump Sum Option Payment (PLOP)

Retiring members may also elect to receive a Partial Lump Sum Option Payment (PLOP). The PLOP is an option that allows a retiree to initially 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 to the member under the plan of payment selected and will not result in a monthly allowance that is less than 50 percent of the monthly benefit.

The total amount paid as a lump sum and monthly benefit will be the actuarial equivalent of the amount that would have been paid had the lump sum not been selected. As a lump sum distribution, the PLOP is fully taxable and may be subject to court orders, such as division of property orders and support withholding orders, if applicable.

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 position from which they terminated was their law enforcement or public safety position.

Spousal Consent

If you are married at the time you apply for retirement, your spouse must provide written consent to your plan of payment selection, including the selection of the Partial Lump Sum Option Payment, and beneficiary designation. If your spouse does not provide written consent and you are not subject to a court order requiring you to designate your former spouse as beneficiary, your annuity will be paid under Plan A without PLOP with your spouse designated as your beneficiary. If you are subject to a court order requiring you to designate your former spouse as beneficiary and your current spouse does not provide written consent, your benefit will be paid under Plan F, without PLOP, with your current spouse and former spouse designated as your beneficiaries.

Qualified Excess Benefit Arrangement (QEBA)

Ohio PERS has established a Qualified Excess Benefit Arrangement (QEBA). Under this arrangement, a retiree may be paid the portion of the retirement benefit that was previously limited due to Internal Revenue Code (IRC) Section 415(b). The QEBA is operated in accordance with IRC Section 415(b).

Please refer to the *Retiring From Public Employment* leaflets for detailed information, including sample calculations, regarding payment options under the OPERS retirement plan from which you are retiring.

What are my payment options? *(continued)*

Under the Member-Directed Plan and the defined contribution portion of the Combined Plan

At the time you file your application for retirement under the Member-Directed or Combined Plan, you may select one of several payment options for the vested portion of your individual defined contribution account. Members may decide to receive a monthly annuity from Ohio PERS based on their account balance. However, if the member is subject to a court order received by OPERS and requiring the member to designate a former spouse as a beneficiary on a joint and survivor annuity, the member will be required to select a monthly annuity for their Member-Directed Plan account and the defined contribution portion of their Combined Plan account and to designate their former spouse as a beneficiary on a joint and survivor annuity.

The monthly annuity is administered by Ohio PERS and includes joint and survivor options (see the Payment Options previously described for the Traditional Pension Plan and defined benefit portion of the Combined Plan). A monthly annuity can only be selected when you complete your retirement application. The PLOP also is available if you choose to take your benefit as a monthly annuity.

In addition to the monthly annuity, payment options include partial distributions subject to certain limits, payments for a guaranteed period, payments of a specific monthly amount or a combination of any of the payment options. Members may also leave their account with Ohio PERS and defer payment of their individual defined contribution account until a later date. Member-Directed and Combined Plan participants will be charged a monthly administrative fee of \$2 to \$6 for individual account balances under \$5,000 that have not received contributions for 90 days.

Applying for retirement

Under all three retirement plans

Your employer must certify the date that you terminate your public employment, as well as your final three pay periods, under any of the three retirement plans. You may obtain the proper Retirement Application from Ohio PERS, your employer, or at www.opers.org.

We advise you to work through the end of the month in which you are planning to retire. Also, retirees are subject to minimum distribution requirements (see page 63 for details).

Applying for retirement *(continued)*

Under the Traditional Pension Plan and defined benefit portion of the Combined Plan

To assure the least possible delay in issuing your first benefit payment and to protect your potential health care effective date under the Traditional Pension and Combined Plans, your application and all required additional documentation must be submitted at least 60 days before the month in which you stop working (assuming you have attained eligibility on that date). Any purchase of additional service credit should be completed prior to finalizing your retirement benefit. After filing your *Traditional Pension Plan Retirement Application* or *Combined Plan Retirement*

Application with Ohio PERS, your benefit will be effective on the first of the month immediately following the later of:

- the last day for which you were paid or
- attainment of minimum age or service credit eligibility required by law (including purchase of additional service credit) or
- a later date specified by you.

If you are under the Traditional Pension Plan and your employer has established a retirement incentive plan for which you are eligible, you must retire within 90 days after receiving the service credit under the plan (see page 23 for more information about “Retirement incentive plan credit”).

Under the Member-Directed Plan and defined contribution portion of the Combined Plan

Your retirement application, along with all necessary paperwork, should be filed with Ohio PERS no later than 60 days prior to your effective retirement date. After filing your *Member-Directed Retirement Application* or *Combined Plan Retirement Application* with OPERS, your benefit will be effective on the

first of the month immediately following the later of:

- attainment of minimum age or service credit (for Combined Plan members only) eligibility required by law (including purchase of additional service credit) or
- a later date specified by you.

Direct deposit

Direct deposit of monthly benefit payments is mandatory for payments issued by Ohio PERS under any of the three Ohio PERS retirement plans. This helps our benefit recipients by eliminating the risks of theft, non-delivery or loss of checks.

Direct deposit funds are securely transferred with no risk of delay or loss. Benefit payments are available on the first business day of the month.

Social Security coordination

If you are eligible for Social Security benefits and are receiving a retirement benefit from Ohio PERS under any of the three Ohio PERS retirement plans, your Social Security benefits may be affected by the government pension offset or the windfall elimination provision. Keep in mind your Ohio PERS benefit will **not** be reduced by any Social Security benefit you may receive.

Security benefits through your spouse. The offset provision is a reduction of Social Security benefits by two-thirds of your Ohio PERS benefit. The windfall provision may affect you if you qualify for Social Security benefits due to your own work history. The windfall provision is a modified version of the Social Security benefit calculation.

The government pension offset provision may also affect you if you are eligible for Social

If you have questions concerning the offset or windfall provisions, contact your local Social Security office or access their Web site at www.ssa.gov.

A monthly retirement benefit payable for your lifetime by Ohio PERS may be modified based on the following life-changing events: marriage or remarriage, divorce, dissolution or annulment of marriage and/or death of a beneficiary (ies). If you elected to receive a Partial Lump Sum Option Payment (PLOP) at retirement, the PLOP will be accounted for upon the modification and recalculation of your monthly retirement benefit.

Marriage or remarriage

If you select the Single Life Benefit (Plan B) at retirement, your benefit may be recalculated under the Life with 50% to Surviving Spouse (Plan A), the Life with Selected % to Survivor (Plan C) or Life with 100% to Survivor (Plan D), if you later marry or remarry to provide for your new spouse. If you select the Life with Multiple Beneficiaries (Plan F), 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 Life with Multiple Beneficiaries (Plan F) 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 your designating a new spouse as your beneficiary.

If you are unmarried when you apply for retirement and you are court ordered to select a joint survivor annuity and designate your former spouse as a beneficiary, you may select the Life with Selected % to Survivor (Plan C) and designate your former spouse for a specified portion under this plan. Should you remarry subsequent to retirement, you may select the Life with Multiple Beneficiaries (Plan F) to add your new spouse with your former spouse also remaining as a designated beneficiary. The specified portion that your former spouse was to receive as your beneficiary will not be changed under Plan F upon your designating a new spouse as your beneficiary.

For marriages or remarriages that occur on or after June 6, 2005, 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, you may change your plan of payment at anytime. You will need to contact us to request the *Age and Service Retirement 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 Ohio PERS' receipt of your properly completed and valid form, the change to your payment plan will not take effect and all benefits, including health care coverage, will cease.

Divorce, dissolution or annulment of marriage

If you designate your spouse as your beneficiary under the Life with 50% to Surviving Spouse (Plan A), the Life with Selected % to Survivor (Plan C) or the Life with 100% to Survivor (Plan D), and a divorce, dissolution or annulment occurs after your retirement, you may elect to be paid under the Single Life Benefit (Plan B) with the written consent of your former spouse or a court order. The change to Plan B will be effective the first of the month following our receipt of the properly completed *Age and Service Retirement Benefit Pop Up Request* form.

If, after you have changed to Plan B, you later remarry, your benefit may be recalculated under Plan A, C or D to provide for your new spouse as set forth above.

If you designate your spouse as a beneficiary under the Life with Multiple Beneficiaries (Plan F), and a divorce, dissolution or annulment occurs after your retirement, you may remove your former spouse as beneficiary with the written consent of your former spouse or a court order. You will remain under Plan F. Your benefit will be recalculated to reallocate to you the amount you previously allocated to your former spouse upon our receipt of your properly completed *Benefit Pop Up*

Request form and, if necessary, the appropriate court order. 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 your properly completed *Age and Service Retirement Benefit Pop Up Request* form and, if necessary the appropriate court order. If you later remarry your benefit may be recalculated under this plan to provide for your new spouse, provided any specified portion for another former spouse remains unchanged. You will have one year from the date of your marriage to change your benefit to provide for your new spouse.

Death of beneficiary(ies)

If you select the Life with 50% to Surviving Spouse (Plan A), Life with Selected % to Survivor (Plan C) or Life with 100% to Survivor (Plan D) and your beneficiary dies before you do, you will be paid under the Single Life Benefit (Plan B) after you submit a copy of the beneficiary's death certificate.

If you select the Life with Multiple Beneficiaries (Plan F) and one of your beneficiaries dies before you, you will remain under Plan F.

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. You will remain under Plan F until there are no longer any designated beneficiaries under the plan.

When there are no longer any designated beneficiaries under the plan your benefit will change to the Single Life Benefit (Plan B).

For more information on the specific payment plans mentioned on this page, see "What are my payment options?" on page 39.

Disability benefits

Ohio PERS members who participate in the Traditional Pension and Combined Plans may be eligible for disability benefits under the original plan or the revised plan. Employees who had contributions on deposit with Ohio PERS on July 29, 1992, had a one-time opportunity to select coverage under one of these programs. Those employees hired on or after July 29, 1992, are covered only under the revised plan.

Ohio PERS members who participate in the Member-Directed Plan are not eligible for disability benefits through Ohio PERS. Under the Member-Directed Plan, the vested portion of your individual account would be available through a refund after your Ohio PERS-covered employment is terminated.

The following is a summary of the features of the two disability programs under the Traditional Pension and Combined Plans.

Eligibility

Common features

1. As a member participating in the Traditional Pension or Combined Plan, you must have at least five years of service credit or 60 contributing months in the plan in which you are participating. This credit requirement may be made up solely of contributing service, the combination of contributing and purchased service or certain other types of credit. For members in the law enforcement division of the Traditional Pension Plan who become disabled due to an on-duty illness or injury, disability coverage is available immediately after membership is established.
2. You are no longer on the payroll because of a presumably permanent disabling condition, either mental or physical, which prevents you from performing your job. You are not eligible for a disability benefit due to a temporary illness or temporary disability. The disability need not have occurred "on the job."

3. No more than two years have passed since contributing service in the plan in which you are participating has terminated, unless at the end of the two-year period you were disabled and unable to file an application as proven by medical records. For those who change plans from Member-Directed to either the Traditional Pension or Combined Plan, one year must pass from your plan change effective date before you can apply for disability benefits.
4. You must not be receiving a retirement benefit under any of the Ohio PERS retirement plans.

Different features

Original plan: You must file an application for disability before age 60.

Revised plan: You may file an application for disability at any age.

Disability benefits

(continued)

Application

Common features

If you are participating in the Traditional Pension or the Combined Plan, you are responsible for filing the Disability Benefit Application along with reports by your employer and personal physician. After the three forms (*Disability Benefit Application, Report of Attending Physician for Disability Applicant and Report of Employer for Disability Applicant*) and proof of date of birth have been received, you will be required to have a medical examination by a physician selected by Ohio PERS. Ohio PERS pays the fee for this examination.

Benefit amount

Common features

All disability applications are subject to review by the Ohio PERS Board of Trustees. If the Board approves your application, the disability benefit is effective the first day of the month following your service termination, provided you otherwise qualify. Prior to payment of a disability benefit, members participating in the Combined Plan must agree to transfer all amounts in the plan and any amounts paid to purchase service credit to the Traditional Pension Plan for the payment of benefits. On such a transfer, any amounts the member rolled over into the Combined Plan and any amounts paid as voluntary deposits will be credited to the Additional Annuity program in the Traditional Pension Plan. For purposes of calculating the benefit, all service credit earned under the Combined Plan is treated as if the credit was earned or purchased in the Traditional Pension Plan.

Different features

Original plan:

1. The amount of disability allowance is based on your final average salary (FAS) and years of service with OPERS, plus the length of time between the effective date of the disability benefit and age 60. For example, if you are 56 when granted a disability benefit and you have 16 years of service credit, 20 years will be used in determining the amount of allowance instead of 16 years.
2. The disability benefit cannot be less than 30 percent, or exceed 75 percent of your final average salary.
3. The benefit payment is fully taxable until minimum retirement age, at which time a specified dollar amount, representing the return of taxed contributions, is provided on a monthly tax-free basis. Law enforcement members participating in the Traditional Pension Plan who are disabled due to an on-duty injury or illness receive 30 percent of their benefit payments tax-free.

Revised plan:

1. The amount of disability allowance is based on the FAS and years of service with OPERS, with no early retirement reductions, but cannot be less than 45 percent or exceed 60 percent of FAS.
2. The benefit is fully taxable as long as it is received. Law enforcement members participating in the Traditional Pension Plan who are disabled due to an on-duty injury or illness, receive 45 percent of their benefit payments tax-free.

Disability benefits

(continued)

Continuing benefits and termination

Common features

1. A disability benefit terminates if you are no longer disabled, return to public service, choose to begin receiving an age and service retirement benefit, at your death or at your request.
2. You may be required to have medical examinations at least once a year. If it is determined that you are no longer disabled, your benefit will be terminated within three months. If you received a disability benefit for less than five years, Ohio PERS will certify to your previous employer that you are no longer incapable of returning to work. At that time, your employer should restore you to your previous, or similar, position and salary unless you were dismissed or resigned in lieu of dismissal for dishonesty, misfeasance, malfeasance or conviction of a felony.
3. If you return to public service and contribute to the Traditional Pension Plan for two years, you receive service credit for the period of time you received a disability benefit.
4. If you are subject to an annual reexamination, a return to employment with a private employer may result in your being subject to a reexamination to determine your continued eligibility to receive disability benefits.

5. Health care coverage is effective the first of the month following the Ohio PERS Board's approval of your application, provided your public service has terminated. Under the Revised Plan, you will need to meet the health care eligibility requirements if you later convert to an age and service retirement benefit (see "Different features for the Revised plan" on page 48).

6. An annual cost-of-living adjustment will be paid.

Different features

Original plan:

The disability benefit is payable for life, but will terminate if one of the events listed above occurs. In this case, an age and service retirement benefit under the Traditional Pension Plan may be available if you are otherwise eligible. As an age and service retiree, health care coverage is available if you meet the service credit eligibility requirement, which would not include the years you were receiving disability benefits.

Disability benefits

(continued)

Revised plan:

1. The benefit is payable for only a definite period of time, depending on your age at the effective date of your benefit.

Age at effective benefit date of disability	Period benefit payable
younger than 60	until age 65
60-61	60 months
62-63	48 months
64-65	36 months
66-68	24 months
69 or older	12 months

2. When the disability benefit ends, you have the opportunity to apply for an age and service retirement benefit under the Traditional Pension Plan or to apply for a refund of your account, which is not reduced by the amount of disability benefits paid. The amount of the age and service retirement benefit would be the greater of a) 2.2 percent of your FAS multiplied by your years of service (contributing and disability), not to exceed 45 percent of FAS; or b) the regular or law enforcement benefit calculation, using only your years of contributing service.

Under this benefit: a) an annual 3 percent cost of living adjustment calculated from the beginning of the disability period will be paid; b) a specified dollar amount each month, representing the return of taxed contributions, is tax-free; c) you select a plan of payment and designate a beneficiary to receive any benefits which may be due at your death; and d) health care coverage is available if you meet the service credit eligibility requirement, which would include the years during which you received a disability benefit.

Appeal of denial or termination of disability benefits

You have a right to appeal the retirement board's denial of your application for, or termination of, your disability benefits. If you wish to appeal, you must file written notice of your intent to appeal and must supply additional objective medical evidence, at your expense, to the retirement system as to the basis of your appeal.

Survivor benefits

For Ohio PERS members participating in the Traditional Pension and Combined Plans, in addition to benefits available to you, your survivors may qualify for benefits if you die before age and service retirement or while receiving a disability benefit.

Survivors of Ohio PERS members who participate in the Member-Directed Plan are not eligible for survivor benefits through the Retirement System.

Under the Member-Directed Plan, the vested portion of your individual defined contribution account would be available to your survivors through a refund.

The following is a summary of the survivor benefits available under the Traditional Pension Plan and Combined Plan.

Survivor benefits

(continued)

Eligibility

If a member dies before retirement or while receiving a disability benefit, the member's qualified beneficiary(ies) may be eligible for monthly benefit payments or a refund of the member's account.

As an OPERS member participating in the Traditional Pension or Combined Plan, your qualified beneficiary(ies) will be eligible to receive monthly survivor benefits if, at the time of your death, you have met at least one of the following qualifications:

1. Had at least 18 months of contributing service credit under the Traditional Pension Plan or Combined Plan with three of those months occurring within the two and one-half years immediately before death, or
2. Were receiving a disability benefit from Ohio PERS, or
3. Were eligible for retirement under the Traditional Pension or Combined Plan, but did not retire, or
4. Were a full-time law enforcement member whose primary (50 percent each month) duties were to preserve the peace, to protect life and property, and to enforce the laws within your jurisdiction or a full-time bailiff or deputy bailiff appointed by the Hamilton County Municipal Clerk of Courts under state law.

If, at your death, none of these requirements have been met, your beneficiaries may receive a refund of your contributions paid into Ohio PERS. Your qualified beneficiary(ies) may choose a refund of your account value, which may include an additional amount and interest, only if there are no children eligible for

monthly benefits. If you die while receiving a disability benefit under the original plan and your qualified beneficiary(ies) are allowed to select a cash refund of your account, the amount is reduced by the amount of disability benefits that had been paid to you. There is no reduction in amount if you die while receiving a disability benefit under the revised plan or while you are working.

Health care coverage for the primary recipient(s) of a survivor benefit begins on the first of the month following either the member's death or the date of eligibility for survivor benefits. Health care coverage is available for other eligible surviving dependents at a premium cost.

Qualified beneficiary(ies) are entitled to benefits effective the first of the month following the member's death or at the date of eligibility. Prior to payment of a survivor benefit, survivors of members who participated in the Combined Plan must agree to transfer the deceased member's employer contributions, individual defined contribution account and any amounts paid to purchase service credit to the Traditional Pension Plan for the payment of benefits. Any amounts the member rolled over into the Combined Plan and any amounts paid as voluntary deposits will be paid to the beneficiary(ies) in a lump sum. For purposes of calculating survivor benefits, all service credit earned under the Combined Plan is treated as if the credit was earned or purchased in the Traditional Pension Plan.

Following is a schedule of monthly benefits for which eligible beneficiary(ies) may qualify:

Number of persons	Percent of member's final average salary if less than 20 years of service credit	Benefit payable
1	25%	\$250
2	40%	\$400
3	50%	\$500
4	55%	\$500
5 or more	60%	\$500

Survivor benefits *(continued)*

Benefits payable after eligibility requirements have been met

Surviving spouse

If eligibility requirements are met, your surviving spouse may receive a monthly benefit based on 25 percent of your final average salary or \$250, whichever is greater. The percentage increases if you have more than 20 years of service credit at the time of your death.

If, at the time of your death, you had less than 10 years of service credit, your spouse would not be eligible to receive monthly benefits until age 62. However, these benefits are payable regardless of the age of the surviving spouse or the number of years of service credit if the spouse has been adjudged physically or mentally incompetent (unable to earn a living due to a disabling condition), or if there are children eligible for monthly benefits. In these two circumstances, the spouse would receive a monthly benefit immediately.

If you were participating in the Traditional Pension or Combined Plan, did not have any children eligible for monthly benefits and you were eligible to retire on a monthly service retirement, a monthly benefit for your spouse at your death may be figured as though you had retired and taken Life with 100% to Survivor (Plan D). This option provides for the monthly allowance to continue through your spouse's lifetime.

The surviving spouse of an OPERS law enforcement or public safety officer killed in the line of duty after April 6, 2007 may receive a monthly benefit even if the officer did not have 10 years of service credit.

The surviving spouse (or other sole dependent beneficiary) who is eligible to receive monthly benefits under payment Plan D may also elect

to receive a Partial Lump Sum Option Payment (PLOP).

The PLOP is an option that allows a surviving spouse or other sole dependent beneficiary to initially 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 to the member under Plan D and will not result in a monthly allowance that is less than 50 percent of the monthly benefit.

If PLOP is elected, the total amount paid as a lump sum and monthly benefit will be the actuarial equivalent of the amount that would have been paid had the lump sum not been selected. As a lump sum distribution, the PLOP is fully taxable and may be subject to court orders, if applicable.

Or, the surviving spouse can elect to receive a refund of the deceased member's contributions, plus interest on those contributions, and an additional amount based on the member's years of service (if applicable), provided there are no children eligible to receive monthly benefits. If the deceased member was receiving disability benefits at the time of death, the surviving spouse is not entitled to receive an additional amount on the deceased member's contributions if a refund of contributions is elected. In the case of disability under the original plan, the total amount paid in disability benefits would be deducted from contributions. In the case of disability under the revised plan, the amount paid in disability benefits is not deducted from the deceased member's contributions.

Survivor benefits *(continued)*

Child

A child may qualify for monthly benefits if he/she is the member's natural or legally adopted child under age 18 (or 22, if a qualified student attending an accredited school) who has never been married; or a child, at any age, who is physically or mentally incompetent at the time of the member's death.

Survivor benefits will be stopped after a child reaches age 18, unless proof is submitted that the child is attending an institution of learning or training. The child is required to be pursuing a program of study equivalent to at least two-thirds of the full-time curriculum requirements of the institution. The child will be required to provide proof of registration and completion of course work to us for each school period. Benefits also will terminate upon the child's marriage, adoption by someone other than a stepparent, abandonment, death or entry into active military service.

Upon termination of monthly benefits due to one of the events listed above, the child is entitled to receive a refund of the remaining balance of the deceased member's contributions, plus interest, provided there are no other qualified beneficiary(ies) receiving monthly benefits. The remaining balance of the deceased member's account would not include a matching amount.

Dependent parent

A dependent parent is one who received at least one-half of his/her support from you during the 12 months preceding your death. A dependent parent may receive survivor benefits if age 65 or older, or at any age if adjudged physically or mentally incompetent at the time of your death. Payments to dependent parents stop in the event of their marriage or death.

Death benefit

At 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, the first qualified

beneficiary under automatic succession, the person

responsible for burial, or the estate of the recipient.

Death benefit schedule

Years of members service credit	Death benefit
at least 5 but less than 10	\$500
at least 10 but less than 15	\$1000
at least 15 but less than 20	\$1500
at least 20 but less than 25	\$2000
25 or more	\$2500

For members participating in the Member-Directed Plan, a death benefit is not available through Ohio PERS. 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.

Additional voluntary contributions

Under the Traditional Pension Plan

A member or a re-employed retiree who is contributing to a money purchase annuity may deposit additional money or rollover funds into the Additional Annuity Program, which are invested in the Ohio PERS Stable Value Fund where they will be subject to daily gains and losses. Funds will be invested the first day after the deposit. Deposits may be made anytime with a personal check, money order or cashier's check. This account may be the basis for an additional annuity or may be refunded. The additional annuity offers some of the same payment options for annuity payments under the Traditional Pension Plan and the defined benefit portion of the Combined Plan. If your marriage is terminated by divorce or dissolution and, as part of the property division, the court orders you to designate your former spouse as a beneficiary on a joint and survivor annuity for your additional annuity, you are required to designate your former spouse as a beneficiary for a specified portion on a joint and survivor annuity upon OPERS' receipt of the court order and upon your applying for your additional annuity.

When OPERS receives a copy of the court order, the retirement system may only accept and process your additional annuity application if you have complied with the court order by designating your former spouse as a beneficiary on a joint and survivor annuity.

Earnings are tax-deferred until the time of distribution. Voluntary after-tax additional annuity deposits are limited by federal tax law to 100 percent of a member's annual income from all public employers contributing to Ohio PERS, or to the current annual limitation, whichever is less.

You may go to the Ohio PERS Web site at www.opers.org and download the *Additional Annuity Agreement for Traditional Pension Plan Contributors*, which includes a limitation worksheet. You also can obtain the form from your employer, an Ohio PERS member services representative or by using our interactive voice response (IVR) system. For more details about the program and possible future enhancements, see the Ohio PERS Leaflet, *Additional Annuity Program*.

Under The Member-Directed and Combined Plans

A member participating in the Member-Directed or Combined Plan may deposit additional money or rollover funds into their individual defined contribution account. Voluntary after-tax deposits made with checks or money orders cannot be less than \$100 (there is no minimum for a rollover), nor be made more frequently than once a month. The additional contributions will be invested in the same investment options the member selected for their individual defined contribution account and will be subject to investment gains and losses. Additional voluntary after-tax contributions are limited by Internal Revenue Code Section 415(c) to 100 percent of a member's annual

income from all public employers contributing to the retirement system or the current annual limitation, whichever is less.

You may go to the Ohio PERS Web site at www.opers.org and download the proper form, either the *Voluntary Deposit Agreement for Member-Directed Plan Participants*, or the *Voluntary Deposit Agreement for Combined Plan Participants*, which both include a limitation worksheet. You also can obtain the forms from your employer, an OPERS customer service representative or by using our interactive voice response (IVR) system. The Ohio PERS leaflet, *Saving for Retirement*, also provides detailed information.

Although law does not guarantee health care coverage, Ohio PERS understands the importance of this coverage to benefit recipients and will provide it to the extent resources permit. Currently, Ohio PERS provides health care coverage for retirees under the Traditional Pension Plan and the Combined Plan. Health care insurance coverage at retirement for those in the Traditional Pension and Combined Plans is funded by employer contributions. For members participating in the Member-Directed Plan, a portion of the employer contribution is credited to the member's Retiree Medical Account (RMA). Amounts contributed to the RMA may be used for the payment of qualified health, dental and vision care expenses.

The following is a summary of the health care coverage offered under each of the Ohio PERS retirement plans.

Under The Traditional Pension and Combined Plans

Eligibility

When applying for age and service retirement under the Traditional Pension or Combined Plan, you must have 10 years of Ohio service credit to qualify for the Ohio PERS health care plan. These 10 years may not include out-of-state, federal, Ohio municipal system and/or military service purchased after Jan. 29, 1981, service credit granted under a retirement incentive plan or credit purchased after May 4, 1992 for exempt service. This coverage also is available for eligible dependents of qualified retirees. A premium payment is required for dependent coverage.

Ohio PERS has implemented changes to the structure of our health care plan in order to improve the financial solvency of our health care fund in the face of constantly rising health care costs. These changes are necessary for us to continue providing health care coverage for retirees and their eligible dependents.

Ohio PERS will provide you with a set allowance each month to spend on health care. The amount that you receive is based on your length of service; similar to the way your pension amount is determined.

Assuming you satisfy the 10 years required to qualify for health care coverage described above, all service credit used to calculate your pension is also used to calculate your health care allowance – even the service credit disallowed from counting toward your 10 years to qualify.

The amount also depends on the year in which you are eligible to retire (before or after Jan. 1, 2007) and on your date of hire (before or after Jan. 1, 2003).

The following is a summary of the health care coverage offered under each of the Ohio PERS retirement plans.

Group 1 – members who are retired or are eligible to retire prior to Jan. 1, 2007 will receive an allowance equal to 100 percent of the cost of health care coverage in 2007. Eligible family members will receive an allowance of between 75 and 90 percent of the cost of health care depending on the retiree's years of service.

Group 2 – members who will be eligible to retire after Jan. 1, 2007 and were hired prior to Jan. 1, 2003 will receive an allowance if they have at least 10 years of qualifying service credit at retirement. The allowance will increase with each year of service and range from between 50 percent of the cost of health care coverage with between 10 and 15 years of service to 100 percent with 30 years of service. Eligible family members will receive an allowance of between 25 and 90 percent of the cost of health care depending on the retiree's years of service.

Group 3 – members who were hired after Jan. 1, 2003 with no prior service credit will receive an allowance if they have at least 10 years of qualifying service credit at retirement. Members with between 10 and 15 years of service at retirement will receive an allowance equal to 25 percent of the cost of health care coverage. The allowance will increase with each year of service and range from between 25 percent with 15 years of service to 100 percent with 30 years of service. Eligible family members will receive an allowance of between 12.5 and 65 percent of the cost of health care depending on the retiree's years of service.

Health plans offered by Ohio PERS

Our new health care plan will be cafeteria style. Retirees will use their monthly allowance to purchase health plan options consisting of medical/pharmacy, dental, vision and long-term care to customize a health plan that suits their individual needs. They will have a choice of between three different levels of medical/pharmacy coverage through both Aetna and Medical Mutual, some of which will result in a smaller premium. The three plans are the Enhanced Plan, the Intermediate Plan and the Basic Plan.

The allowance amount not spent in a given month will be placed into a Retiree Medical

Account (RMA), which can be rolled from one year to the next as needed. Likewise, if a retiree chooses coverage that costs more than his or her retirement benefit, the excess charge will be deducted from the benefit recipient's pension as a premium. Amounts contributed to the RMA may be used for the payment of qualified health, dental and vision care expenses. The RMA may also be used to pay health care expenses for eligible dependents.

The opportunity to make changes to these coverage options will be presented during an annual open enrollment period, except for changes to the level of medical/prescription coverage, which will be allowed every two years.

The Ohio PERS health plan uses a Preferred Provider Organization (PPO) network in order to save costs and keep your health care premiums affordable. If you are not yet eligible for Medicare and live in the United States, you will receive a much better benefit by using providers participating in the PPO network. PPO providers are those professionals and facilities that have agreements in place with OPERS health plan administrators, providing these professional's services at a discounted rate.

Ohio PERS offers two administrators of its health plan, Aetna and Medical Mutual. We also offer some alternative health plans (such as HMOs) to residents of certain counties in Ohio. These alternative plans provide hospital and medical services through participating physicians and health care facilities. Information concerning these alternative plans is mailed to qualifying retirees at the time of their retirement and during open enrollment.

Regardless of the health plan chosen by Ohio PERS retirees, prescription drug coverage is available through Medco. The program offers both retail and mail order prescription coverage.

Disability and survivor health care

If you are receiving a disability benefit, health care coverage is provided. Should a member participating in the Traditional Pension or Combined Plan die while contributing to Ohio PERS, health care coverage may be available to their qualified survivors receiving monthly benefits, regardless of their member's years of service credit.

Medicare

If you are an Ohio PERS benefit recipient and are eligible for Medicare A (hospitalization) at no cost, you must enroll in that plan through the Social Security Administration. All persons 65 or older, and who are not eligible for

Medicare A, must submit proof of this fact so that substitute coverage can be provided by Ohio PERS. All Ohio PERS recipients and covered eligible dependents must enroll in Medicare B (medical) when they become eligible and then submit proof of enrollment. Ohio PERS reimburses a recipient for the basic premium cost of that coverage as long as the recipient is enrolled in Medicare B and not receiving reimbursement through any other source. Overpayment of claims by OPERS resulting from the benefit recipient failing to sign up for Medicare in a timely manner may result in OPERS collecting the overpayment from the benefit recipient.

Under The Member-Directed Plan

Under the Member-Directed Plan, a portion of the employer contribution is credited to a Retiree Medical Account (RMA). Upon receipt of a refund of your account or when you separate from service and take a distribution of your individual account, amounts contributed to the RMA may be used for the payment of qualified health, dental and vision care expenses. Members vest in their RMA based on their attained years of participation in the Plan as shown at right:

Attained years of participation in the Member-Directed Plan	Percentage vested
1-2 years	0%
3 years	30%
4 years	40%
5 years	50%
6 years	60%
7 years	70%
8 years	80%
9 years	90%
10 years	100%

Unlike the member's individual defined contribution account, Ohio PERS will manage and direct the investment of the member's RMA. Interest, at a rate determined by the Board, will be credited annually to the member's RMA.

Members who separate from Ohio PERS-covered employment and take a distribution of their individual account will be able to use vested portions of their RMA for the payment of qualified health care expenses. Distributions from your RMA are tax-free.

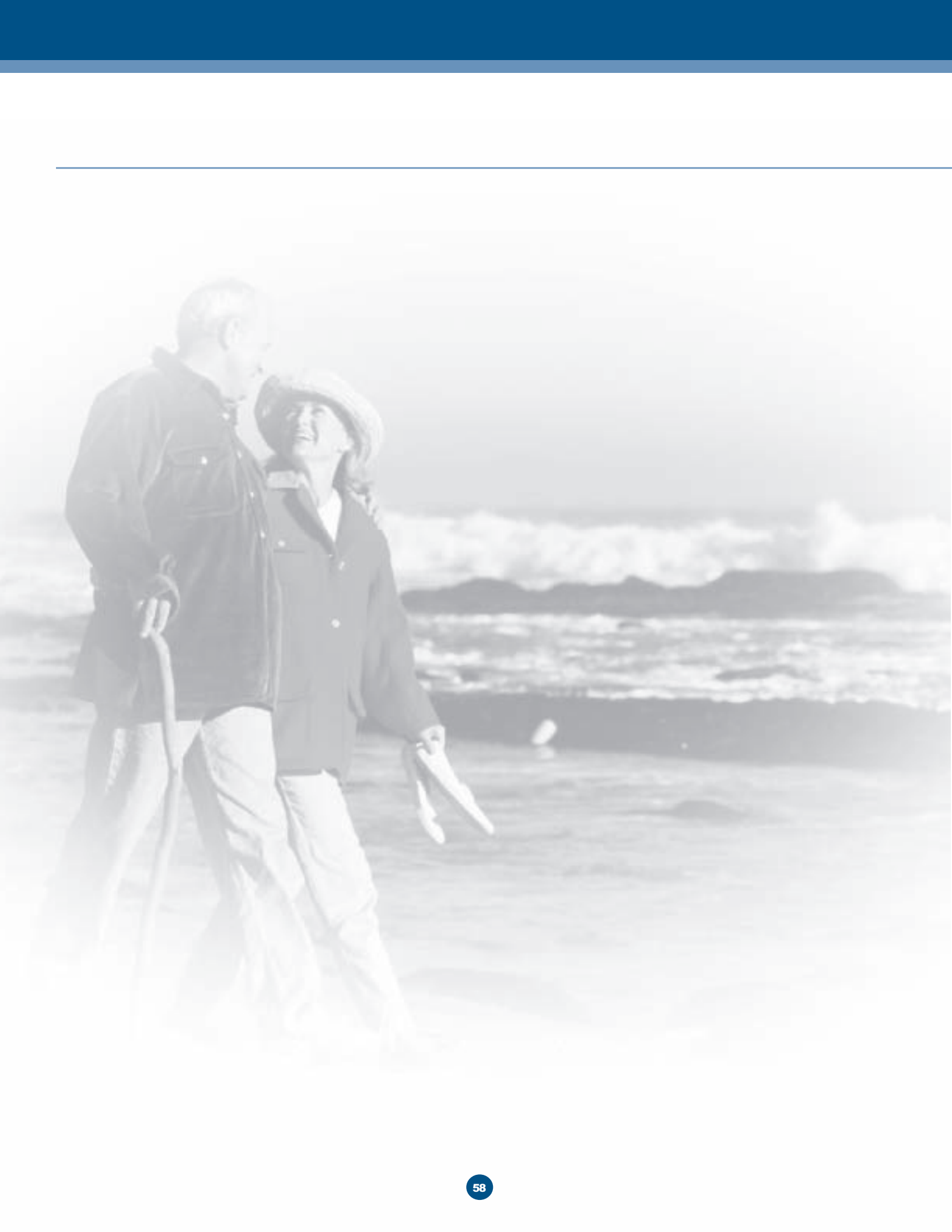
For more details please see the *Retiree Medical Account for Member-Directed Plan Participants* fact sheet available at www.opers.org.



**Cost-of-living-
adjustment (COLA)**

An annual 3 percent fixed cost-of-living adjustment (COLA), based on the original pension amount at retirement, is provided to benefit recipients who receive benefits paid by Ohio PERS under any of the three retirement plans. All benefit recipients who have received

benefits for 12 months, are entitled to a 3 percent COLA on their annual benefit effective date to the extent that such an increase does not exceed Internal Revenue Code Section 415 limits.



The following information is provided to generally inform you about re-employment. Retirees should contact Ohio PERS Member Services Center to receive answers to questions regarding their specific situations prior to re-employment if there is doubt about the effect of re-employment on their retirement benefit.

Returning to work after retirement

After a member retires under any of the Ohio PERS retirement plans, re-employment in a job that is covered by Ohio PERS, including service in an elected position, may affect continuing receipt of benefits. Retirees who become re-employed must notify the employer that they are receiving an Ohio PERS benefit. Retirees should discuss their re-employment plans with their employer to determine if there are any policies or restrictions on re-employment. The current employer is not required to re-hire an employee after retirement.

Ohio PERS retirees may become re-employed in OPERS-covered positions

If you return to employment during the first two months of your retirement, your current retirement allowance will be forfeited for each month in which re-employment occurs during those two months. The penalty will apply even if you waive your salary for the two-month period or volunteer for the period of re-employment.

Contributions must begin from the first day of re-employment. Re-employed retirees are not eligible to select one of the Ohio PERS retirement plans, but instead, will contribute to the Money Purchase Plan (See “Money Purchase Plan” on page 62 for details). Employee contributions made to OPERS during the two month forfeiture period will not be included in the calculation of the Money Purchase Plan benefits and will be refunded to the retiree at the termination of the re-employment without interest.

While re-employed, your employer must provide primary health care coverage if it is available to employees in comparable positions. The re-employed retiree cannot waive the employer’s health care coverage unless the retiree has coverage comparable to that provided by the employer and the coverage is provided by a source other than the employer or OPERS. Suspension or forfeiture of the retirement benefits interrupts the retiree’s health care coverage.

Ohio PERS disability benefit recipients and reemployment

If you are receiving a disability benefit, your benefits will immediately terminate if you return to OPERS-covered employment and you must participate in the Traditional Pension Plan. If you return to OPERS-covered employment, you and the public employer must immediately notify us of your employment. If you wish to undertake employment in the private sector while you are receiving disability benefits from Ohio PERS, and you are subject to annual reexamination, you should notify Ohio PERS before you begin employment for a determination as to whether the employment will affect continued eligibility to receive disability benefits. Ohio PERS may request additional information to determine if a reexamination is required.

Returning to work after retirement *(continued)*

College/university employees

Ohio PERS retirees who become re-employed on a full-time basis by a public university or college have the option to participate in Ohio PERS and contribute 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 college or university employer will provide you with the necessary forms to make this election. The election to participate in an ARP must be completed within 120 days from the date of re-employment or change in status from part-time to full-time. This election is irrevocable while you remain employed by the public institution or college. Ohio PERS service credit is not available for any period covered by an ARP.

Elected officials

Individuals who have retired from Ohio PERS and return to Ohio PERS-covered employment as elected or appointed officials are treated as re-employed retirees. Individuals who have retired from another Ohio state retirement system and become Ohio PERS members as elected or appointed officials also are treated as re-employed retirees. However, if Ohio PERS members are covered for non-elected official service and are also elected officials contributing to Social Security for their elected positions, their elected service has no effect on their Ohio PERS retirement, nor are they Ohio PERS re-employed retirees for subsequent elected service.

There is a limitation for an elected official who retires from Ohio PERS during a term in office and who is re-appointed to the position during the same term or is elected to the position in the next consecutive term. For these elected officials, the annuity portion of the retirement allowance is suspended and the pension portion of the allowance is forfeited for the term(s) unless:

- The Board of Election has been notified in writing of the elected official's intent to retire at least 90 days prior to the primary election or the date on which the primary election would have been held; or
- The elected official was already retired at least 90 days before the general election; or
- The appointing authority has been notified that the official has already retired or intends to retire prior to the end of the term.

Independent contractors

A retiree cannot continue to receive benefits and work as an independent contractor under a contract for any period of time for the employer from which they retired. This prohibition is applicable regardless of the number of hours or days you actually worked. You may continue to receive 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.

If you are an independent contractor, you are not eligible for membership in OPERS. The employer is liable for any overpayment resulting from lack of notice to OPERS.

Other system retirees

An age and service or disability benefit recipient from another Ohio retirement system may also be employed in an Ohio PERS-covered position. Other system retirees must begin contributing to Ohio PERS from the first day of employment and will contribute toward the Money Purchase Plan (see page 62).

An other system retiree, who has received a retirement allowance for less than two months when Ohio PERS-covered employment commences, will forfeit their retirement allowance from the other system for any month of re-employment during the two-month period.

Contributions remitted during these two months are not included in the calculation of the money purchase annuity to be paid at the termination of re-employment.

Retirees of any of Ohio's state retirement systems are subject to similar provisions when returning to work in public service covered by the State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS).

Joint retirement

If a retiree is receiving a benefit based on service covered by two or more of the non-uniformed state retirement systems (Ohio PERS, STRS, or SERS), he/she will be subject to the re-employment restrictions

applicable to the retirement system under which he/she retired. Contact the retirement system paying your benefit for a determination with respect to any such re-employment.

Other employment

An Ohio PERS retiree may be employed in a position with a private employer and continue to receive benefits.

Money Purchase Plan

Re-employed retirees continue to receive their retirement benefits and are not eligible to select one of the Ohio PERS retirement plans, although re-employed retirees who are full-time employees of state colleges and universities may be eligible to make an election to participate in an ARP in lieu of membership in Ohio PERS. Re-employed retirees who are contributing to OPERS contribute toward the Money Purchase Plan. Beginning in 2006, all re-employed retiree balances and contributions in the Money Purchase Plan earn interest based on the annual return of the Ohio PERS Stable Value Investment Fund. Balances and contributions prior to 2006 earned annual interest at a rate equal to the assumed actuarial rate of return.

Upon termination of re-employment, the retiree will be eligible to apply for either a refund of his/her employee contributions or a monthly benefit depending upon the retiree's age at the time he/she applies for the benefit. If the retiree elects to receive the Money Purchase Plan account prior to age 65, he/she will only be entitled to receive the contributions and allowable interest. If the retiree elects to receive the Money Purchase Plan benefit at age 65 or after, the retiree will be entitled to receive the contributions, allowable interest, plus an additional matching amount. Joint and survivor annuities are also available if the retiree elects to receive a monthly benefit.

The Money Purchase Plan offers the same payment options for annuity payments under the Traditional Pension Plan and the defined benefit portion of the Combined Plan. If your marriage is terminated by divorce or dissolution and, as part of the property division, the court orders you to designate your former spouse as a beneficiary on a joint and survivor annuity for your money purchase plan, you are required to designate your former spouse as a beneficiary for a specified portion on a joint and survivor annuity upon OPERS' receipt of the court order and upon your applying for your money purchase plan payment. When OPERS receives a copy of the court

Also, re-employed retirees are subject to minimum distribution requirements (see page 63 for details). In the event of a retiree's death prior to receiving a Money Purchase Plan benefit, the retiree's beneficiary(ies) would receive a lump sum payment.

Required minimum distribution

According to the Internal Revenue Code Section 401(a)(9), a retirement benefit, an account refund, a money purchase annuity (either in a lump sum or as a monthly benefit) or an additional annuity payment, depending

on what you are eligible to receive, MUST be distributed to you by April 1 of the year following attainment of age 70? if you have terminated service.

Taxes

Tax liability on lump sum payments

The Internal Revenue Code makes it possible for public employers to pay, or “pick-up,” employee contributions to Ohio PERS, enabling the employers to designate employee contributions “picked-up” by the employer as employer contributions. Under federal tax law, employer contributions to a qualified pension plan are non-taxable to the employee until such time as the contributions are received as a refund or as retirement benefits.

If your retirement contributions are remitted on a tax-deferred basis, lump sum payments of the contributions will be reported to the Internal Revenue Service on Form 1099R as taxable income for the tax year in which the refund or Partial Lump Sum Option Payment (PLOP) was made. This taxable income will be subject to a 20 percent federal withholding tax deduction.

Special tax provisions may be applicable to the reporting of this income. Under each of the three OPERS Retirement Plans, the taxable portion of a refund is subject to a 10 percent excise tax if you are younger than age 59?. If you were born before 1936, you may qualify for the tax averaging provision for lump sum distributions. IRS Form 4972 has more information on these provisions.

An OPERS member who is a law enforcement or public safety officer terminating public employment at age 50 or older and who receives a lump sum distribution by a refund or PLOP 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 position from which they terminated was their law enforcement or public safety position. Recipients receiving a monthly benefit for life from any of the three OPERS Retirement Plans and beneficiaries receiving a distribution resulting from the death of a member or benefit recipient will not be affected by the 10 percent excise tax.

You may choose to “roll over” the taxable portion of your lump sum payment that is not subject to the minimum distribution guidelines into an IRA or another qualified plan to defer the 10 percent excise tax. You may authorize OPERS to make the rollover for you or, you may choose to forward the lump sum payment to the financial institution. If you choose to forward the payment, you have 60 days from the date of your lump sum payment to roll over the taxable amount. Any eligible amounts may be rolled over and do not affect the annual limit on contributions to your IRA. Generally, you must leave the money in the new plan until at least age 59? or face possible penalties for early withdrawal. Upon reaching 59?, withdrawals will be taxed as ordinary income, but the 10 percent excise tax will no longer apply. However, certain taxable portions are not eligible for rollover under the Internal Revenue Code minimum distribution rules.

You should contact the IRS or your own tax advisor for information concerning special tax provisions as they apply to your OPERS lump sum payments.

Taxes *(continued)*

Tax liability on periodic benefit payments

If your contributions were not taxed at the time of contribution (see “Member contributions” on page 9), your benefit will be completely taxable effective with the first payment at your tax rate in effect on that date.

If any of your contributions were previously taxed, Ohio PERS will calculate the taxability of your benefit by using the IRS Simplified General Rule and report the taxable portion of your benefit to the IRS on Form 1099R for each tax year. The Simplified General Rule provides that the retirement benefit is taxable income effective with the first payment of the benefit; however, a calculated portion of each month's benefit is excluded from your taxable income. The excludable, or tax-free portion, which is a specified dollar amount, remains the same even if your retirement benefit is increased. The accumulation of the tax-free portion of your retirement benefit, referred to as retirement cost, cannot exceed your employee contributions on which federal income taxes have been paid. Once the retirement cost is recovered, the entire monthly benefit is taxable.

Recipients receiving a monthly benefit for life from any of the three Ohio PERS retirement plans and beneficiaries receiving a distribution resulting from the death of a member will not be affected by a 10 percent excise tax. Under the Member-Directed and Combined Plans, the taxable portion of a benefit payment (not payable for life) is subject to a 10 percent excise tax if you are younger than 59½. Upon reaching 59½, distributions will be taxed as ordinary income, and the 10 percent excise tax will no longer apply.

The IRS guidelines for disability benefit recipients are somewhat different than those for other benefit recipients. Additional information on the taxation of disability benefits and a more in-depth discussion of the tax treatment of all benefit payments may be found in the Ohio PERS publication, *Benefit Recipients' Income Tax Guide*, which is published each tax year.

Tax withholding

The taxable portion of a retirement benefit automatically is subject to federal income tax withholding unless you choose, on the appropriate form, not to have tax withheld. If you elect not to have withholding apply to your benefit payments, or if there is not enough federal income tax withheld, you may be responsible for payment of estimated tax. You may incur penalties under estimated tax rules if there is not enough federal income tax withheld during the year.

Ohio PERS also will withhold state of Ohio income tax from benefit payments on a voluntary basis. If you are required to pay state of Ohio 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 that retirement credits available for state income tax should be taken into account when making any calculations. Ohio PERS will begin withholding state tax from your benefit the month following the receipt of the properly completed form.

Ohio PERS benefits are subject to local school district income taxes in Ohio. You are responsible for these taxes if your school district has an income tax, but Ohio PERS cannot withhold the tax from your benefit payment.

Ohio PERS accounts and court orders

In the event that the System receives one of these orders and a refund is due, the appropriate amount will be withheld and sent to the agency responsible for collection, or, in the case of a division of property order, the alternate payee.

Impact on refunds

The active accounts of members are not subject to garnishment, attachment, bankruptcy or any other legal process. Generally, a refund of contributions is similarly protected except under the following situations: federal tax levies, certain state court-ordered restitution withholding or court-ordered child support or spousal support-withholding. A refund of contributions 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 lump sum payment being paid to an Ohio PERS member (participant).

Impact on monthly benefits

Benefit payments are not subject to garnishment, attachment, bankruptcy or any other legal process except in the following situations: federal tax levies, certain state court-ordered restitution withholding or court-ordered child support or spousal support-withholding. 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 Ohio PERS to make direct payments to a former spouse (alternate payee) from a benefit payment being paid to an Ohio PERS benefit recipient (participant). In the event the System receives one of these orders, the amount will be withheld and sent to the agency responsible for collection, or, in the case of a division of property order, to the alternate payee.

Power of Attorney and Guardianship

A member or benefit recipient may designate an attorney in fact under a power of attorney or durable power of attorney document. The attorney in fact may manage the member or 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 member's or recipient's address, receiving correspondence on behalf of the member or recipient and making changes to health care coverage. Additionally, if specifically authorized in the power of attorney document, the attorney in fact may also change retirement plans, select a plan of payment, apply for and receive a refund and designate a beneficiary. However, if there is a conflict between the direction given by the member or benefit recipient and the direction given by the attorney in fact, and the member or benefit recipient is competent to direct their

account, OPERS will follow the direction of the attorney in fact until the member or benefit recipient revokes the attorney in fact's power and OPERS receives written notice of the revocation.

You should consult with your own legal counsel 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, Ohio PERS may require guardianship of an estate for a member or recipient who is under 18 years of age or, if over 18 years of age, who is, or becomes, incompetent. Additionally, the guardian is required to obtain a court order approving a selection of a plan of payment, including a refund of the account and/or the designation of a beneficiary.

Internal Revenue Code Section 415

Ohio law incorporates the limitations on contributions and pensions found in Internal Revenue Code Section 415 (IRC 415). For members participating in the Member-Directed and Combined Plans, contributions to the plans are subject to the IRC Section 415(c) limit.

For members participating in the Combined and Traditional Pension Plans, the retirement benefit paid by Ohio PERS is also subject to the IRC Section 415(b) limit.





**Ohio PERS
Retirement Board
(May 2008)**

It is your responsibility to be certain that OPERS has your current 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 Member Handbook is written in plain language for use by members of 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.

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Retired members

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