

MEMBER'S REPORT

The quarterly newsletter for active and retired OP&F members and their survivors

Ohio
Police
& Fire Pension
Fund



Wapakoneta Fire Department

AON TO ASSIST OP&F WITH HEALTH CARE EXCHANGE SERVICES



While important decisions will be made in the coming months, trustees worked with staff and OP&F's new health care partner, Aon, during the

December Board meetings to establish a framework for the new retiree health care plan scheduled to be implemented on Jan. 1, 2019.

Although the self-insured health care plan will be ending, the structure of the old plan will tentatively serve as a guideline for the new plan design. The new plan will assist retirees in selecting a health care plan from the marketplace and include a fixed-cost monthly stipend to assist in paying associated costs.

The current eligibility structure is expected to be adopted for the new plan, meaning that to receive a stipend a retiree must not have access to group health care coverage. Also, if a retiree has waived OP&F coverage in the past, they would not be eligible for the stipend unless a qualifying event occurs (marriage, death, divorce, the involuntary loss of group coverage, or the date of Medicare eligibility).

The stipend amount has not been set. However, it is the desire of the Board to create stipend levels that will provide meaningful financial support for Medicare and non-Medicare retirees.

A poverty-level subsidy will likely be adopted, similar to the current assistance given to families who qualify.

Aon will assist retirees in choosing an appropriate health care plan for their needs. Access to Aon's services will be for all retired members and dependents, whether they are eligible for the stipend or not. There is no charge to the member for using the services offered by Aon.

At the Nov. 15, 2017 Board Meeting, the OP&F Trustees directed staff to begin contract discussions with Aon to provide health care exchange services for our membership.

In recognition of the declining funds available for retiree health care, the Board looked for a more efficient use of funds still available in an effort to extend solvency of the trust from nine years to 15 years. The self-insured model,

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MESSAGE FROM THE EXECUTIVE DIRECTOR



John J. Gallagher, Jr.

Dear Members,

At our December meeting of the Board of Trustees, our new health care partner, Aon, was on hand for the first of what will be several important discussions. As reported in recent editions of the *Member's Report*, we are targeting Jan. 1, 2019 as the transition date from the current self-insured retiree health care plan design. In its place, Aon will work with eligible members to select a plan that best fits their individual needs in the health care marketplace while receiving a set monthly stipend from OP&F to assist in paying for this coverage.

In upcoming meetings, the Board will work with our staff and Aon to develop the framework for the new plan design, most importantly the eligibility requirements and stipend levels members can expect. It is our goal to make the best use out of the remaining dollars in our health care fund, hopefully extending the life of a sponsored retiree health care plan to 15 years. This will allow those that have retired continued support while affording all stakeholders time to develop a reliable long term funding mechanism for a retiree health care plan stipend to continue beyond the next 15 years currently projected.

Aon provided a timeline for the Board that includes setting dates for mailings to retirees, setting up a toll-free number, and scheduling on-site meetings and webinars. Of course OP&F and Aon will be working together to make sure everyone affected by this transition receives all of this information in a timely manner.

We again encourage members to attend future Board meetings to not only learn more about the health care transition, but other business the trustees discuss.

Sincerely,

John J. Gallagher, Jr.
Executive Director

PORTFOLIO -update-

OP&F's Investment Portfolio Value

As of Dec.12	\$15.5 billion
End of November value	\$15.6 billion
End of October value	\$15.5 billion



OP&F BOARD APPROVES CHANGE IN ASSUMED INVESTMENT RETURN

The OP&F Board of Trustees has approved changing the system's assumed investment rate of return, lowering it to 8.0 percent from 8.25 percent at its Oct. 25 meeting. OP&F's independent actuaries recommended the change as part of a regularly scheduled five-year review of the actuarial assumptions.

Recent investment returns show that OP&F has met its previous assumption. In 2016, OP&F's investment return was 11.51 percent. OP&F's annualized investment return for the five-year period ending December 2016 was 10.09 percent, while the annualized return for the 30-year period ending December 2016 was 8.67 percent. As of Oct. 24, OP&F's investment portfolio was valued at \$15.34 billion.

The actuarial valuation presented at the Board's October meeting used the new assumptions, including the 8.0 percent assumed rate of return. Valuation results showed that OP&F remained in compliance with state funding requirements with a funding period of 28 years. Ohio law requires state retirement systems to have a funding period of 30 years or less, meaning that if all assumptions were met, unfunded liabilities would be paid off within that period. The report included data through Jan. 1, 2017. The

28-year funding period is an improvement from the Jan. 1, 2016 valuation, when OP&F was at 29 years.

The actuarial valuation indicated that the system has a funding ratio of 69.8 percent as of Jan. 1, 2017, which is lower than the previous year, when it was 71.3 percent.

"Outstanding investment performance the past five years, in combination with the impact of the significant pension reforms enacted in 2012, have enabled us to be in compliance with the State of Ohio's funding mandate for the third year in a row," said OP&F Executive Director John Gallagher. "The Board of Trustees and staff will continue to advocate for the stability and strengthening of the pension fund that, absent Social Security participation for public safety employees here in Ohio, is the primary source of their retirement income."

In addition to the change in the assumed rate of investment return, the Board approved adjustments to a range of assumptions as recommended by OP&F's independent actuary. These included mortality assumptions to reflect longer life spans, and the demonstrated trend of reduced disability benefits over the past 15 years.

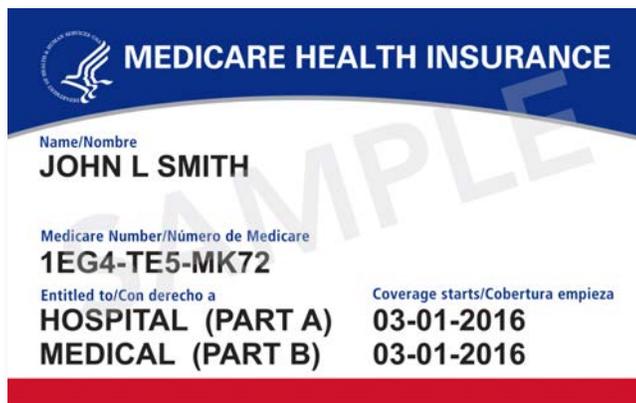
BOARD APPROVES INCREASE IN MEDICARE PART B REIMBURSEMENT

At its December meeting the OP&F Board of Trustees approved the Medicare Part B reimbursement for 2018 at a rate of \$107 per month. The 2017 rate was \$104.90. No action is required for member's receiving the reimbursement as it will be automatically included in the monthly pension benefit.

NEW MEDICARE CARDS ARE COMING



The Centers for Medicare and Medicaid Services (CMS) is removing Social Security numbers from Medicare cards to prevent fraud, fight identity theft, and keep taxpayer dollars safe.



The Medicare Access and CHIP Reauthorization Act of 2015, requires CMS to remove Social Security numbers from all Medicare cards by April 2019. A new Medicare Beneficiary Identifier will replace the Social Security number-based Health Insurance Claim Number on the new Medicare cards for Medicare transactions like billing, eligibility status, and claim status. CMS will assign all Medicare beneficiaries a new, unique Medicare Beneficiary Identifier number, which will contain a combination of numbers and uppercase letters. When beneficiaries receive the new card they should safely and securely destroy their current Medicare cards. The new card will not change the benefits a Medicare beneficiary receives. The Medicare Beneficiary Identifier is confidential, like the Social Security number and should be protected as personally identifiable information.

A photocopy of the new card should be faxed or mailed to UnitedHealthcare to update their records. Fax a copy of the card to UHC at (866)-459-0518 or mail to UnitedHealthcare 9200 Worthington Road, Westerville, OH 43082.

CMS currently uses a Social Security number-based Health Insurance Claim Number to identify people with Medicare and administer the program. They have used the Health Insurance Claim Number with other business partners such as the Social Security Administration, State Medicaid Agencies, and health care plans and providers.

Why are the new Medicare cards important?

Social Security numbers are being removed from the Medicare cards to fight medical identity theft. By replacing the Social Security number-based Health Insurance Claim number on all Medicare cards, CMS can better protect private health care and financial information and federal health care benefit and service payments.

The change is also in response to requests from Congress, the General Accountability Office, people with Medicare, and advocacy groups who have requested that Social Security numbers be removed from Medicare cards.

What is the timeline for the new Medicare cards and what does it mean for me?

Moving to new Medicare numbers and cards requires many changes to Medicare's systems. Medicare has already started this work to help individuals shift to the new Medicare Beneficiary Identifiers by April 2018. Beginning in April 2018, Medicare will start mailing the new Medicare cards with the MBI to all people with Medicare in phases by geographic location.

There will be a 21-month transition period where providers will be able to use either the Medicare Beneficiary Identifier or the current Health Insurance Claim number to help ease with this transition.

For more information, please visit:
<https://www.cms.gov/medicare/ssnri/index.html>



NO TRUSTEE ELECTIONS IN 2018, ELECTION SCHEDULE CHANGED FOR 2019, 2020

While there will be no elections for Board of Trustee positions this year, the election schedule was altered so that the two active firefighter positions do not expire at the same time.

Due to the timing of past trustee resignations, retirements and appointments, the two active firefighter positions were scheduled to expire in May 2019. Legislation passed in December re-set the trustee election schedule so that one active fire position will expire in 2019 and the other in 2020.

Daniel Desmond (Toledo Fire) and Jeffrey Moore (West Chester Fire) are the current firefighter representatives on the Board. Moore's term will expire in 2019, while Desmond's will now expire in 2020. Also up for election in 2019 will be the retired firefighter position now held by William Deighton (Cleveland Fire) and the active police position now held by Timothy Patton (Cleveland Police).

2018 BOARD OF TRUSTEE MEETINGS:

Jan. 23-24	<i>No meeting in July</i>
Feb. 20-21	Aug. 21-22
March 1-2 (Board Retreat)	Sept. 25-26
March 27-28	Oct. 23-24
April 24-25	Nov. 13-14
May 22-23	Dec. 18-19
June 19-20	

Regular OP&F Board of Trustees meetings take place monthly, except for July at OP&F headquarters, 140 E. Town Street in downtown Columbus. The site of the annual Board of Trustees retreat is to be determined.

2018 DIRECT DEPOSIT DATES FOR BENEFIT CHECKS

Check date:	Deposit date:
Jan. 1	Jan. 2
Feb. 1	Feb. 1
March 1	March 1
April 1	April 2
May 1	May 1
June 1	June 1
July 1	July 2
Aug. 1	Aug. 1
Sept. 1	Sept. 4
Oct. 1	Oct. 1
Nov. 1	Nov. 1
Dec. 1	Dec. 3
Jan. 1, 2019	Jan. 2, 2019

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which has been in place for many years, is not sustainable. To remain status quo would deplete the health care trust at an increasingly rapid rate.

The Board's decision to restructure how OP&F offers retiree health care and efficiently use the estimated \$900 million in assets held in the Health Care Solvency Fund is targeted to transition as of Jan. 1, 2019. Of course, the Board reserves the right to defer implementation if necessary. Though OP&F will no longer manage a self-insured health care program, it will continue to provide a strong health care exchange provider. OP&F has full confidence in Aon that they will assist members in transitioning to this new model.

Aon has been active in the private market health care exchange arena for many years and is considered one

of the best in class for this important service. The Board would like to thank UnitedHealthcare for servicing our membership under the self-insured model for many years. We will remain with UnitedHealthcare under the current self-insured model, through Dec. 31, 2018.

OP&F asks membership to be patient as the Board and staff develop the specifics of this new model. There are many decisions to be made including the specific monthly stipend amount. OP&F remains committed to supporting OP&F members in acquiring health insurance after retirement.

As the decision process unfolds, OP&F will continue to update stakeholder groups and continue to ask for input as new rules and conditions are developed for OP&F's future health care offering.

DROP INFORMATION VIDEO NOW ONLINE

In December, the latest informational video on OP&F benefits was completed and posted to op-f.org. Sergeant Bert Gliatta of the Newark Division of Police participated in the video, as did OP&F staff members who explained the Deferred Retirement Option Plan.

The DROP video is the fourth in a series of videos being produced to help explain OP&F and the benefits it offers members. Previous video topics included saving for retirement, service retirement from OP&F and an overview of the system to mark its 50th anniversary in 2017. All videos are available on the OP&F website under the Members section.



**HAVING TROUBLE
REMEMBERING YOUR
PASSWORD?!**

...TRY A PASSPHRASE

Passphrase
a series of random words or sentence

Examples:

Sustain-Easily-Imprison

Time for tea at 1:23

What makes these passphrases so strong is not only are they long, but they use capital letters and symbols. (Remember, spaces and punctuation are symbols.) At the same time, these passphrases are also easy to remember and type.

MEMBERS HAVE CHOICE TO OPT-OUT OF 1099 MAILING, RETRIEVE IT ONLINE.



OP&F's website allows members to download the Form 1099-R for tax reporting purposes and avoid receiving the form in the mail. This feature not only saves the cost of mailing the form but also is more convenient for members.

To opt-out of the 2019 mailing, members must log into their account in the Member Self Serve area of the OP&F website and choose Document Preferences. From this page, members can choose to opt-out of the mailing. Members must have an email address to use the opt-out feature. Members can choose to opt-out and then change their mind and again receive the document in the mail by changing their preferences.

Members can access the Form 1099-R by going to www.op-f.org and logging on to the OP&F Member Self-Serve Web. The Form 1099-R can be viewed and printed from the Member Documents link.

Only OP&F members who are registered for the Member Self Serve Web can retrieve and print tax forms online. To register, go to www.op-f.org and click the link for Member Self-Serve Web in the upper left corner. Next, look for the register link and follow the instructions on the screen.

If you have any questions, contact OP&F Customer Service at 1-888-864-8363.

TAX INFORMATION FOR MEMBERS RECEIVING AN ON-DUTY DISABILITY BENEFIT

OP&F is required by the Internal Revenue Service (IRS) to file a Form 1099-R for each person to whom a distribution of \$10 or more has been made for the tax year. OP&F reports all distributions to the IRS as reportable income, regardless of the taxable or non-taxable nature of the benefits. On-duty disability benefits are non-taxable income that is reportable income to the IRS. Therefore, OP&F recommends that every recipient of Form 1099-R file a Form 1040 tax return with the IRS. Contact the IRS directly for information on filing requirements.

If the distribution is non-taxable, then Box 2a is completed with \$0.00. If a benefit recipient does not file an annual tax

filing to reflect this non-taxable distribution they will likely receive a notice from the IRS because they were unable to match the income reported by OP&F to the benefit recipient's filing of reportable income.

Members should contact OP&F if they receive such a notice. OP&F can then mail a letter to the member that outlines the taxability of the specific benefits. This letter can then be forwarded to the IRS. OP&F is not a third-party designated power of attorney; and therefore cannot provide information directly to the IRS on a member's behalf.

RETURN SERVICE REQUESTED



Toll Free: 1-888-864-8363
General Information: (614) 228-2975
Fax: (614) 628-1777
TTY: (614) 221-3846
E-mail: questions@op-f.org
Monday-Fridays 8 am-4:30 pm EST

OP&F BOARD OF TRUSTEES

Jeffrey Moore, Chair, West Chester Fire
John Wainscott, Vice Chair, Retired, Cincinnati Police
Timothy Patton, Chair Elect, Cleveland Police
William Deighton, Retired, Cleveland Fire
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John J. Gallagher, Jr., Executive Director
Scott Miller, Deputy Executive Director
Mary Beth Foley, General Counsel
Theodore Hall, Chief Investment Officer
Jennifer Harville, Member Services Director
Maureen Gatewood, Information Services Director
Caren Sparks, Chief Audit Executive and Privacy and Ethics Officer

PRUDENCE • INTEGRITY • EMPATHY

Securing the future for Ohio's Police and Firefighters

IMPORTANT DATES

Jan. 23-24Board of Trustees meetings
Feb. 20-21.....Board of Trustees meetings
March 1-2Board of Trustees retreat
March 27-28Board of Trustees meetings

DO WE HAVE YOUR EMAIL ADDRESS?



If your email address is not on file, please send it to us at questions@op-f.org, or contact OP&F Customer Service at 1-888-864-8363. Members can also update their information securely online from the secure Member Self Serve web portal.

SUSPECT DISABILITY FRAUD? CALL 844-FRAUD HOTLINE (844-372-8345)