

Ohio Police & Fire Pension Fund, 30-year funding plan
Submitted: February 8, 2011



OP&F's plan for compliance with Ohio's 30-year pension funding requirement includes 11 changes to the current funding formula but does not recommend any increase to employer contributions. Each component of the plan is dependent on the others.

(Revisions from previous plan are highlighted in yellow)

30-Year Funding Components	Unfunded Accrued Liability (UAL)	Pension Amortization Period in Years	Pension Funded Percentage	Progress towards Reduction in Unfunded Needed to reach 30 Years	Additional Reduction in UAL Needed to reach 30 Years
CURRENT PLAN:	\$4,037,000,000	Infinite	72.8%	n/a	\$3,233,000,000
1. Increase Active Member Contribution rate from 10% to 12.25% by 0.75% per year from 2012-2014	\$4,070,000,000	Infinite	72.6%	\$509,000,000	\$2,724,000,000
2. Raise normal Service Retirement Age from 48 to 52 for new hires only	\$4,122,000,000	Infinite	72.4%	\$203,000,000	\$2,521,000,000
3. Delay Cost of Living Adjustments (COLA) until age 55 (excluding beneficiaries)	\$3,636,000,000	Infinite	74.8%	\$893,000,000	\$1,628,000,000
4. Change the DROP interest rate to the 10-year Treasury rate with a 5% cap	\$3,633,000,000	Infinite	74.8%	\$12,000,000	\$1,616,000,000
5. Redefine "Average Annual Salary" as the highest 5 years of contributions (Only for members with less than 15 years of service at the implementation date)	\$3,572,000,000	Infinite	75.1%	\$206,000,000	\$1,410,000,000
6. Change the minimum DROP participation period to 5 years (from 3)	\$3,539,000,000	Infinite	75.3%	\$66,000,000	\$1,344,000,000
7. Tie health care premium subsidy to years of service	\$3,539,000,000	Infinite	75.3%	\$ 0	\$1,344,000,000
8. Eliminate COLAs during DROP	\$3,295,000,000	71 years	76.6%	\$465,000,000	\$879,000,000
9. For new DROP participants, reduce the percentage of the member contribution that gets credited to DROP accruals: 50% for years 1-3, 75% for years 4-5, and 100% for years 6-8.	\$3,275,000,000	67 years	76.7%	\$29,000,000	\$850,000,000
10. Adjust COLA to the lesser of the CPI or 3% for those with less than 15 years of service	\$3,262,000,000	51 years	76.8%	\$181,000,000	\$669,000,000
11. Create a variable % health care contribution to achieve 30-year pension funding*	\$3,262,000,000	30 years	76.8%	\$669,000,000	--



OP&F Funding status when all elements have been implemented

* The amount of the employer contribution going to fund health care would go from the current 6.75% to 4.69% in order to get to 30-year funding. With this plan, the solvency period for OP&F's retiree health care program is 16 years (2027).