

**Ohio Police & Fire Pension Fund, 30-year funding plan**  
**Submitted: January 27, 2011**



OP&F's plan for compliance with Ohio's 30-year pension funding requirement includes 10 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.

| 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 |
|--|----------------------------------|--------------------------------------|---------------------------|---|--|
| <b>CURRENT PLAN:</b>   | \$4,037,000,000                  | Infinite                             | 72.8%                     | n/a   | \$3,233,000,000                                      |
| 1. Increase Active Member Contribution rate from 10% to 12.25% upon effective date of pension reform legislation   | \$4,070,000,000                  | Infinite                             | 72.6%                     | \$546,000,000   | \$2,687,000,000                                      |
| 2. Raise normal Service Retirement Age from 48 to 52 for new hires only  | \$4,122,000,000                  | Infinite                             | 72.4%                     | \$203,000,000   | \$2,484,000,000                                      |
| 3. Delay Cost of Living Adjustments until age 55 (excluding beneficiaries)   | \$3,636,000,000                  | Infinite                             | 74.8%                     | \$893,000,000   | \$1,591,000,000                                      |
| 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  | \$1,579,000,000                                      |
| 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%                     | \$207,000,000   | \$1,372,000,000                                      |
| 6. Change the minimum DROP participation period to 5 years   | \$3,539,000,000                  | Infinite                             | 75.3%                     | \$65,000,000  | \$1,307,000,000                                      |
| 7. Tie health care premium subsidy to years of service   | \$3,539,000,000                  | Infinite                             | 75.3%                     | \$ 0  | \$1,307,000,000                                      |
| 8. Eliminate COLAS during DROP   | \$3,295,000,000                  | 67 years                             | 76.6%                     | \$465,000,000   | \$842,000,000  |
| 9. 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                  | 63 years                             | 76.7%                     | \$30,000,000  | \$812,000,000  |
| 10. Create variable % health care contribution to achieve 36-year pension funding  | \$3,275,000,000                  | 36 years                             | 76.7%                     | \$503,000,000   | \$309,000,000  |



OP&F Funding status when all elements have been implemented