

Ohio Police & Fire Pension Fund

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Oct. 21, 2019

Bethany Rhodes
Director, Ohio Retirement Study Council
30 E. Broad Street, 2nd Floor
Columbus, OH 43215

Ms. Rhodes,

We are pleased to report that the Ohio Police & Fire Pension Fund (OP&F) remains compliant with the State of Ohio funding mandate. The Jan. 1, 2019 valuation estimates that the OP&F funding period is at 29 years.

Pension reform legislation in 2012 (SB 340) requires OP&F to submit results of our actuarial valuation to the Ohio Retirement Study Council every three years. This year marks the second triannual period for us to submit the valuation and in compliance with this requirement, we look forward to presenting the results to the ORSC.

Principals Larry Langer and Patrice Beckham from our independent actuary, Cavanaugh MacDonald L.L.C., will formally present the annual valuations for both the pension trust (statutory) and the health care trust (discretionary) to our Board of Trustees at our Oct. 23 meeting.

Cavanaugh MacDonald reported the Health Care Stabilization Fund (HCSF) is solvent for a projected period of 13 years and 10 months. This is the second valuation performed following the closure of our self-insured retiree group health model. The health care valuation also indicated that without the changes implemented this year to the retiree health care plan, the HCSF would have had a solvency period of only 6 years 8 months as of Jan. 1, 2019.

Senate Bill 340 was passed in October 2012 following the financial crisis of 2008-09. OP&F reforms were projected at the time of passage to reduce long term liabilities of the system by an estimated \$3.2 billion. The savings have come from raising the minimum retirement age to 52 for new hires, changing the average salary calculation from a three year to a five year average and, perhaps most relevant to this response, employee contribution rates gradually increased to the current rate of 12.25 percent (employer contribution rates have not changed since 1984). These pension reforms were significant and will continue to have a profound positive impact on this system's ability to maintain solvency.

We look forward to the next three year reporting cycle which will be the valuation as of Jan. 1, 2022. If you have any questions please let me know.

Sincerely,



John J. Gallagher, Jr.
Executive Director

cc: ORSC Council members