



February 24, 2020

The Honorable Jack Cera  
Ohio House of Representatives  
77 S. High Street  
Columbus, OH 43215

Dear Representative Cera:

The following provides a response to your questions that were presented as a result of the February 13, 2020, meeting of the Ohio Retirement Study Council:

**1. Do pension plans utilize their actuarial valuation when planning for beneficiaries' healthcare benefits?**

Yes, the HPRS Board relies heavily on the actuarial valuation to guide them in their decisions as it relates to healthcare benefits for retirees. The Health Care Funding Committee also uses the actuarial valuation to aid them in providing recommendations to the full Board. The challenge to sufficiently fund healthcare continues to grow despite the series of changes made to healthcare benefits over the past decade. The increase in premiums, which are now based on the age of the retiree, have been significant and are illustrated in the table below.

	<b>2012</b>	<b>2020</b>
Member	\$39.00	\$160.00 - \$691.00
Spouse	\$97.00	\$215.00 - \$746.00
Child	\$22.00	\$138.00

**2. Do the pension plans support the Affordable Care Act? How would beneficiaries be impacted if the ACA is overturned, as many non-Medicare retirees use the ACA marketplace?**

At this time, HPRS would not be impacted directly if ACA is overturned and the Board, therefore, has not taken an official position on it. HPRS currently contracts with specific providers for medical, dental, vision, and prescription coverage.

**3. How have hedge funds impacted the pension plans' investments?**

HPRS maintains a diversified investment portfolio that assumes an investment return of 7.25%, at an acceptable rate of risk. The hedge funds in the HPRS portfolio are expected to provide a low correlation to public equity markets. When the markets are rising, the hedge funds returns are lower than the markets, but hedge returns are higher when the markets are declining. This lower correlation to the market provides lower volatility in the HPRS portfolio.

**4. How do current retirees' vested benefits impact possible changes to pension benefits?**

Pension benefit changes made by HPRS are typically designed to impact the members that are not yet vested. For example, the increase in the age eligible to retire moved from 48 to 52, for all new hires after January 1, 2020.

**5. What are the number of retirees eligible for COLA?**

A total of 1,495 benefit recipients (including survivor benefit recipients) meet the eligibility for a COLA, should the HPRS board determine there is sufficient funding to provide it.

If there any further questions, please call me. I would be glad to meet with you to provide clarification and answer any additional questions or concerns you may have.

Best Regards,



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Cc: The Honorable Kirk Schuring, Chair, Ohio Retirement Study Council  
Bethany Rhodes, Director and General Counsel, Ohio Retirement Study Council