



**Testimony Before the
House Aging and Long Term Care Committee
On House Bill 362**

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October 25, 2017

Chairman Arndt, Vice Chair Pelanda, Ranking Minority Member Howse, and members of the House Aging and Long Term Care Committee, thank you for this opportunity to speak. My name is Mark Atkeson, and I am the executive director of the Ohio Highway Patrol Retirement System (HPRS). I want to thank Representatives Carfagna and Ramos for sponsoring this bill and bringing it before you for your consideration. On behalf of the Ohio State Highway Patrol Retirement System Board of Trustees, we would like to offer our full support of House Bill 362.

House Bill 362 is an extension of and in follow up to House Bill 520 which became effective earlier this year. House Bill 520 was intended for technical changes and cleanup purposes, whereas the elements of this bill are more substantive in nature.

Pension reform legislation in 2012 brought HPRS back into compliance with Ohio's 30-year amortization requirement, and set us on the path to being fully funded. Last year, HPRS underwent its 5-year actuarial experience study. Several key assumptions were changed which negatively affected our funding status and amortization period of our unfunded actuarial accrued liabilities. These changes included wage and price inflation, mortality, and our investment return rate. Without substantial changes to our health care program and fund, we would have fallen out of compliance with the statutory 30-year amortization period.

To ensure continued solvency of our system, additional changes are needed. Please keep in mind, unlike the other Ohio systems, we are a single-employer system. The membership of our board of trustees is made up of active and retired members of the Ohio State Highway Patrol. The following is a brief overview of HPRS's requested changes in House Bill 362:

- Restore the minimum retirement age to 52 (as it was prior to 1989) for new hires after January 1, 2020 – all others are grandfathered. This is similar to what OP&F and OPERS-LE did in 2012;
- Calculate pension benefits for off-duty disabilities based on a minimum 12-year service benefit instead of a minimum 20-year service benefit. This does not affect in-the-line-of-duty disabilities.;

- Eliminate the automatic 50% unfunded survivor benefit and establish a set amount (\$900.00) for survivor benefits while increasing that amount annually as the board determines – this does not affect those already retired or in DROP. This is similar to OP&F's survivor benefit; and
- Provide no survivor benefits for those who marry after retirement – this does not affect those already retired. As with current law, retirees will still have the option of changing to a Joint and Survivor Annuity (JSA) to provide similar or even increased benefits to spouses.

These changes reduce the amortization period of our unfunded actuarial accrued liabilities by several years, and when these changes are fully realized, they will have a compounding cumulative effect on reducing our unfunded liabilities. In addition, these are considered best practices and are consistent with other similar systems. This bill also has been vetted by the Ohio Retirement Study Council and has its unanimous support.

I ask for your support in passing this much-needed legislation, and I thank you for the opportunity to present this testimony. I will be glad to answer any questions you may have.