Chairman Arndt, Vice Chair Pelanda, Minority Member Howse, and members of the House Aging and Long Term Care Committee. Thank you for this opportunity to speak. My name is Irene McCollum. I am an OPERS retiree and I speak in opposition of House Bill 413.

I intended to retire with 33 years of service or more, but retired with 31 ½ years on December 1, 2010, due to rumors that the 3% annual cost of living (COLA) increase would be eliminated in 2011, retroactive to January 1. I retired early to make sure I would keep the 3% annual increase for life.

People who retired in 2012, before Senate Bill 343 took effect, were told by OPERS staff that they needed to retire before December 31, 2012, to keep the 3% annual COLA, which OPERS now wants to eliminate anyway. If passed, HB 413 will obliterate the contract made with those who retired prior to January 1, 2013, many who like me, retired when we did to keep the 3% annual COLA.

Additionally, when I retired, I chose a reduced monthly benefit so that my husband would have health care should I die first. Since then, OPERS eliminated health care for spouses and any monetary assistance for them effective the end of last year. Unfortunately, I cannot now change my benefit to the higher amount, even though I chose the lower benefit to get something OPERS took away.

Furthermore, my health care costs continue to rise. OPERS increased my annual deductible and decreased the coverage amount from 80% to 75%. My health insurance premium cost increased $85 per month in 2017 and another $98 monthly this year. Additionally, I now pay $154 per month for my spouse's Medicare supplemental insurance. The 3% annual increase does not cover these large additional health care expenses, let alone expenses for other necessities that steadily climb.

From 1984 to 2011, the Federal government computed a consumer price index for elderly (CPI – E) that included adjustments for retiree expenses such as healthcare. The average CPI – E was 3.1% during those years. I suspect it would be higher now. CPI – E showed that living expenses were higher for the elderly than they were for employed individuals.

Also, people who retired many years ago did so on lower wages. To reduce their COLA could mean plunging them into or deeper into poverty.

Although OPERS wants to base our COLA on the CPI – W (wage), similar to the formula used by the Social Security Administration (SSA), HB 413 does not allow for compounding the COLA like the SSA does. If OPERS insists on using the similar formula, it should do so fully.

Additionally, OPERS is not in financial trouble at this time. Although OPERS took a serious hit in 2008, its funding ratio steadily climbed 10% from 2009 through 2015, when it reached 85% funded, 5% above the industry standard of 80%. Furthermore, its amortization period is at 19 years, well within the 30 years required by statute. Although records indicate OPERS' funding level fell to 80% in 2016, the stock market was up most of 2017 and it hit record highs. When OPERS publishes its 2017 end-of-the-year figures, the statistics should show greater improvement. Additionally, OPERS has not yet allowed the incremental changes it was granted in 2012 with SB 343 to fully impact its funds.

Now is not the time to reduce OPERS retirees' income. We should not have to suffer lower income the rest of their lives, if not necessary. Personally, OPERS took enough from me health care related during my seven years of retirement. Please do not allow it to take away the cost of living adjustment I was promised when I retired, especially not now, when it is not financially necessary.

Thank you for the opportunity to present this testimony. I am glad to answer any questions you may have.