



HIGHWAY PATROL RETIREMENT SYSTEM

December 2024 Newsletter

Contact Us: 614.431.0781



"Our History Is Our Pride"

1099-R Information

We are in the process of preparing 1099s for 2024 and plan to have them mailed by the middle of January 2025. 1099s will also be available through the secure area of our website. Simply log in and print at your convenience! Remember to update your address with HPRS if you have moved so your 1099 will be mailed to your most current address. **The post office will not forward 1099s.**



COLA Clarification

At the board meeting on December 19th, all members in attendance were asked for feedback on HPRS benefits. The following provides a response to the questions from these members:

Q. Why is there not a cost-of-living adjustment (COLA) provided when HPRS is not exceeding the 30-year amortization for unfunded liability required by statute?

A. The answer to the question has several points for consideration. The board has authority to grant a COLA if it is supported by the most recent actuarial valuation, which is completed annually. An actuarial valuation is a mathematical analysis that estimates the financial health of a pension plan at a specific point in time. It's a tool used to assess the long-term sustainability of a plan, using assumptions about investment, economics, and demographics. The valuation provides an estimate of the plan's funded status and the value of future benefits.

The Ohio Revised Code requires that HPRS amortize the unfunded actuarial accrued liability over a period of less than 30 years. In other words, if we are not on pace to pay down all debt in less than 30 years, we are considered out of compliance and must submit a plan that will establish compliance. Recognizing that 30 or more years is considered failing, best practice is to maintain a status that avoids failure. An example of the consequences is the pension reform that occurred in 2013, which resulted in significant benefit changes for those that retired after January 7, 2013. By adhering to best practices and providing COLA only when it is affordable, the HPRS board hopes to avoid another pension reform that would provide reduced benefits to current and future retirees.

A funding policy was established in 2019 and revised in 2021 with the assistance of an actuarial consultant, to guide the board in making decisions about COLA, active member contributions, and making allocations to the health care fund. The policy provides for avoiding negative amortization and the passing of a stress test before a COLA can be considered. Following this policy, a COLA of 3% was provided in 2022 and 2023.

Q. Why is it when there have been bullish markets that have resulted in above average investment returns that a COLA is not granted?

A. The most recent valuation is based on the status of the system at the end of the most recent full year. When the board is making the decision on COLA, it is for the upcoming year. For example, the decision for a 2025 COLA was based on the health of the system as of December 31, 2023.

When the valuation report is completed and the amortization period calculated, it is critical to remember that we assume a 7.25% investment return. If we make more than 7.25%, we will be healthier than anticipated, which helps us afford a COLA. However, if we make less than 7.25% our pension fund is not as healthy as it was expected to be. This means we have less assets to cover the liabilities, resulting in an increase in the unfunded liability.

Q. Why don't we invest more aggressively so that we can expect higher investment returns?

A. The primary mission of HPRS is to provide pension payments without fail. Investing too aggressively could result in an inability to pay pensions during a market decline when a loss of assets occurs. The HPRS Board, Chief Investment Officer, and Investment Consultants work together to maintain a diversified portfolio that is expected to withstand market volatility. The portfolio is designed to target 7.25% annually over time.

Investment losses are much more damaging than most realize. This is best illustrated by looking at what happened recently. In 2022, the system experienced a 9.3% loss on investments. Since we expected to gain 7.25%, this actually represents a 16.55% loss. In the following year we

experienced much better than expected returns of 14.4%. However, the investment return of 14.4% did not overcome the loss of 9.3%, after taking into consideration the 7.25% return that is assumed.

Q. If HPRS did not provide a COLA in times of good investment returns, should there be an expectation of anything improving going forward that will result in a future COLA?

A. HPRS policies continue to be modified to provide the maximum level of benefits possible, while adhering to a sustainable plan. The recent funding policy revision to allow for an Exceptional Basis COLA is one way that COLA may be provided when nothing would have been provided otherwise. Other factors such as growing the number of active members paying into the system increase the probability of future COLA. Additionally, the transition to an HRA reduces the probability of allocating funds to the Health Care Fund (HCF), leaving those resources available for COLA.

The Special Committee on COLA continues to work toward a sustainable solution to better inflationary protection. Additional changes are being researched, such as board authority to grant a supplement when COLA is unavailable. This is a one-time payment made at the end of the year specifically aimed at inflation protection for those that need it most, when a permanent COLA cannot be provided.



Why did my monthly pension amount change?

- **Taxes** - You may have made adjustments to your taxes. Also, federal, state, and/or school district tax tables may have changed.
- **Dental/Vision coverage changes made by Retiree** - You may have added or deleted a dependent, or changed coverage.

Please note that beginning in January 2025, tax tables will change, which may affect your pension check's net pay amount.



Being Cyber Safe in 2025

Security is everyone's responsibility, but that doesn't mean you must have several cybersecurity degrees to protect your personal and financial assets. In this issue, we list some easy ways to reduce your risk and be cyber safe in 2025.

Here's What You Can Do

Turn on Multifactor Authentication. Your accounts will be significantly less likely to get hacked if they're protected with Multifactor authentication (MFA). This layered approach to securing data and applications requires two or more credentials to verify your identity for login. MFA increases security because even if the hacker has one credential – such as your name – that unauthorized user won't be able to meet the second authentication requirement, so can't access the targeted physical space, computing device, network, or

database.

Update Your Software. Bad actors exploit flaws in computer systems. Network defenders are working hard to fix them quickly, but their work relies on all of us updating our software with their latest fixes. So update the operating system on your mobile phones, tablets, and laptops. And update your applications – especially the web browsers – on all your devices too. Leverage automatic updates for all devices, applications, and operating systems as well. You may be too busy to install every updates, but your PC or other electronic devices won't be if you activate automatic update settings.

Think Before You Click. Take a little time before you click that link or open that attachment. More than 90% of successful cyber-attacks start with a phishing email. Sadly, we are more likely to fall for phishing than we think – and false urgency and fake links are often the cause.

False urgency. An email from your gas company says your service will be canceled unless you re-enter your card details right now. Or maybe your phone provider says you've been hacked and need to contact them ASAP. But should you? Slow down, and don't be alarmed about that urgent email. Carefully look at the subject line or preview the content of the email. If the email provides the name of the business and asks for a response, locate its contact information elsewhere – such as its website – and use it to see if it's really that urgent.

Fake links. Have you ever seen a link in a text or email that looks a little ... *off*? Sure, it looks like something you've seen before and the sender is familiar – maybe your email service, your boss, your bank, or a friend. But when you click the link you're asked to change or enter a password or verify personal information. Don't. It's likely a phishing scheme using a link or webpage that looks legitimate but was designed by bad actors to install malware on your machine or get your password, social security number, credit card number, or other sensitive information. Once they have that information, they can use it on legitimate sites. If it's a link you don't recognize, trust your instincts and think before you click.

Use Strong Passwords. Did you know the most common password is "password"? Followed by "123456"? Your child's name and birthday isn't much better. Using an easy password is like locking your door but hanging the key on the doorknob. Anyone can get in. Using strong passwords and, ideally, a password manager is much safer.

- Here are some tips for creating a stronger password. Make it long – at least 16 characters
- Don't use the same password on multiple sites
- Use randomly generated passwords created by a computer or password manager. They're better than humans at being random.

You can use a password manager to store all of your passwords, too. That way you don't have to remember them all! If you go this route, make sure the password you use for the password manager is strong and memorable, and secure your account with MFA!

What to Do If You Are Scammed

- If you feel that an email contains a scam, don't respond and block the sender.
- If it's a phone call – hang up!
- If you provide your personal information (account, date of birth, online banking user ID, password, etc.) contact your financial institution immediately.

HPRS Board/Staff Member: Spotlight of the Month

Staff Member - System Accountant Charmaine Carter



Charmaine Carter joined the Highway Patrol Retirement System (HPRS) in March 1998 as an Accountant 2. Now serving as the System Accountant, she is one of only two current employees with over 25 years of service at HPRS. Originally from Buffalo, she relocated from Pittsburgh to Columbus in the late '80s.

She earned her bachelor's degree in accounting from Franklin University in December 1997 and soon after sought a position with HPRS to utilize her degree. During her studies, she worked as a Collection Specialist at Discover Card prior to joining HPRS.

Charmaine and her husband, James, live near Columbus with their two teenage sons, who are actively involved in middle and high school basketball.

Congress Passes Legislation to Repeal GPO and WEP

On December 21, 2024, the U.S. Senate voted 76-20 to approve H.R. 82 (the Social Security Fairness Act) without amendment. H.R. 82 repeals the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP), which affect many of our members.

H.R. 82 can now head to the president's desk for his expected signature. Once enacted, it is unclear how quickly the Social Security Administration (SSA) will be able to recalculate the benefit amounts and begin making payments that reflect the WEP-GPO repeal. SSA will have to determine how to most efficiently make these retroactive payments.



Job Opportunities for Retirees

As a reminder, job opportunities are listed in the secure area of our website (www.ohprs.org). Please check this periodically to ensure you are aware of any new postings.

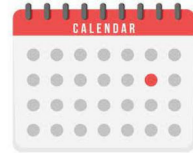
January 2025 HPRS Meetings

On Wednesday, January 15, 2025, the Health, Wellness, & Disability Committee meeting will begin at 1300 hours.

Some committee meetings may be canceled from time to time. Please refer to the HPRS website at www.ohprs.org for the most current meeting dates and times.

Save the Date!

- 2025 Snowbird Reunion, February 28 - March 2, 2025 - Lake Mary, Florida
- Please visit our website for more details and for RSVP information, <https://www.ohprs.org/ohprs/RetireeEventsCalendar.jsp>.



Our office will be closed:

- ~ Wednesday, January 1st - New Year's Day
- ~ Monday, January 20th - Martin Luther King day

Retiree Qualification

The Academy Range will be hosting annual retiree qualifications in 2025. As a reminder, your qualification under the LEOSA rules is only good for one year from the date of qualification. This can be found in 18 USC 926C: Carrying of concealed firearms by qualified retired law enforcement officers. For example, if you qualified on May 1, 2024, then you must qualify on or prior to May 1, 2025.

Upcoming scheduled retiree qualifications at the Academy for 2025 are:

- Wednesday, January 15, 2025, at 1300 hours
- Wednesday, April 2, 2025, at 1300 hours
- Friday, June 6, 2025, from 9 a.m. - 10:30 a.m. (Annual Retiree Cookout)
- Wednesday, August 6, 2025, at 1300 hours
- Wednesday, October 8, 2025, at 1300 hours



Additionally, all retirees may also reach out to their local District Headquarters for local weapons qualification availability.

You must complete a Weapons Qualifications Record (HP-15C), that includes your personal weapon information, and submit to Melissa Fellure at mjfellure@dps.ohio.gov no less than 14 days prior to the qualification date. Retirees must bring their Division-issued ID Card with them to the qualification, and the retiree must supply weapon(s) and ammunition. If you have any questions, please contact Lieutenant Brian Nelson of the Academy Range at bwnelson@dps.ohio.gov or 614.644.4325.

Important Numbers For You To Have On Hand

HPRS - 614.431.0781
Via Benefits (**Medicare**) - 833.431.1358
Via Benefits (**Pre-Medicare**) - 800.667.2184
Medicare - 800.633.4227

Aetna Vision - 877.973.3238
Delta Dental of Ohio - 800.524.0149
Social Security - 800.772.1213
Ohio Def. Comp. - 877.644.6457

HPRS Staff Email Directory

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