



140 East Town Street / Columbus, Ohio 43215-5164 / 1-888-864-8363 / www.op-f.org

August 6, 2025

Wendy Zahn
Director, Legislative Service Commission
77 S High Street
Columbus, OH 43215

Dear Ms. Zahn,

Pursuant to Ohio Revised Code 742.14(C), enclosed, please find the actuarial analysis of the implementation of HB 280 and SB 293 and, which were introduced June 4, 2025, and July 30, 2025, respectively. The bills introduced increase police employer contributions to the Ohio Police & Fire Pension Fund (OP&F) as well as creates an actuarially determined employer contribution formula, with a cap. OP&F employer rates have remained unchanged since 1986.

As of our most recent actuarial valuation (as of Jan. 1, 2024), OP&F remains below the statutory funding requirement, at 29.77 years. That result has been achieved due to the sacrifice of members who supported benefit cuts totaling \$3.2 billion beginning in 2013. However, several factors outside our control will most certainly push us out of compliance with Ohio's 30-year funding mandate if action is not taken.

Please do not hesitate to contact me with questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads "Mary Beth Foley". The signature is written in a cursive, flowing style.

Mary Beth Foley, Esq.
Executive Director

cc: Ohio Retirement Study Council
Public Insurance and Pensions Committee

enclosures

The Honorable Adam Bird
Chairman, Ohio Retirement Study Council
77 S High Street, 14th Floor
Columbus, OH 43215

The Honorable Bob Peterson
Chairman, Public Insurance and Pensions Committee
77 S High Street, 11th Floor
Columbus, OH 43215

Ohio Retirement Study Council
c/o Bethany Rhodes, Director
30 East Broad St., 2nd Floor
Columbus, OH 43215



August 6, 2025

Ms. Mary Beth Foley
Executive Director
Ohio Police and Fire Pension Fund
140 East Town Street
Columbus, OH 43215

Re: Actuarial Impact of HB 280 and SB 239 - Increasing Police Employer Contributions to the Ohio Police & Fire Pension Fund

Dear Ms. Foley:

We have estimated the impact on the funding period of the proposed legislation which increases contribution amounts that employers of full-time municipal police officers must make to the Ohio Police & Fire Pension Fund.

Proposed Change

Section 1 of the bill amends Sections 742.16, 742.33, 742.34, 5705.06, and 5705.31 of the Revised Code.

Section 742.16 is amended to eliminate:

- the requirement that the OP&F Board adopt a plan specifying how it proposes to amortize OP&F's unfunded actuarial accrued pension liabilities over a 30-year period by December 31 of each year,
- the requirement that the Board, if the period exceeds 30 years, prepare a plan to reduce the period to below 30 years not later than 90 days after the receipt of the actuarial valuation to be submitted to the Ohio Retirement Study Council (ORSC) and the standing committees of the House of Representatives and the Senate with primary responsibility for retirement legislation,
- the requirement that the ORSC annually review the adequacy of the OP&F employer and employee contribution rates and the contribution rates recommended in a report by OP&F's actuary for the upcoming year.



Section 742.33(A) is amended to increase the Police Officer employers' contributions to the Fund from 19.50% of pay for all years to the following schedule:

For Salaries Earned by Police Member in Pay Periods Beginning:	Rate
Before July 1 that occurs after the effective date of HB 280	19.50%
On the <i>first</i> July 1 that occurs after the effective date of HB 280	20.50%
On the <i>second</i> July 1 that occurs after the effective date of HB 280	21.50%
On the <i>third</i> July 1 that occurs after the effective date of HB 280	22.50%
On the <i>fourth</i> July 1 that occurs after the effective date of HB 280	23.50%
On the <i>fifth</i> July 1 that occurs after the effective date of HB 280 and thereafter	24.00%

Section 742.33(B) for Police Officer employers' contributions and Section 742.34(B) for Firefighter employers' contributions are amended as follows:

- After the Police Officer employer contribution rate is increased to 24.00%:
 - Requires the OP&F Board to adjust the Police Officers and Firefighters employer contribution rates to a rate determined by the Board's actuary if the amortization period exceeds 30 years as determined by an actuarial valuation subject to the following limitations:
 - The Board must adjust both Police Officers and Firefighter rates determined by the Board's actuary.
 - The Board may adjust them over a period not exceeding three years after the date on which the actuarial valuation is completed.
 - In adjusting the rates, the Board cannot do any of the following:
 - Adjust them unless they are adjusted to the same rate;
 - Adjust them by more than 1.5% over the three-year period occurring immediately after the date on which the actuarial valuation is completed;
 - During the three-year period described above, implement the adjustment by more than 0.5% over any one-year period.

Sections 5705.06 and 5705.31 are amended to update the reference resulting from changes to Section 742.33 and Section 742.34 for Police Officers and Firefighter employers' contributions respectively.



Actuarial Impact on OP&F

Based on the results of the January 1, 2024 Actuarial Valuation, the January 1, 2024:

- funding period for OP&F is 29.77 years,
- funded ratio is 68.14% and
- the UAAL is \$8.400 billion.

Based on the January 1, 2024 actuarial valuation, under HB 280/ SB 239, the January 1, 2024:

- funding period for OP&F decreases 4.87 years to 24.90 years,
- funded ratio remains unchanged at 68.14% and
- UAAL remains unchanged at \$8.400 billion.

The schedule of Police Employer Rates to develop the HB 280/SB 239 metrics above are as follows:

For Salaries Earned by Police Member in Pay Periods Beginning:	Rate
Before July 1, 2026	19.50%
On or after July 1, 2026, but not later than June 30, 2027	20.50%
On or after July 1, 2027, but not later than June 30, 2028	21.50%
On or after July 1, 2028, but not later than June 30, 2029	22.50%
On or after July 1, 2029, but not later than June 30, 2030	23.50%
On or after July 1, 2030	24.00%

The exhibit below contains employer contributions under current and HB 280/SB 239 provisions for calendar years 2024 through 2030. For this analysis we have anticipated that the first increase will occur July 1, 2026. These employer contributions are the basis of the actuarial metrics discussed above. The employer rates for both Police Officers and Firefighters are 24.00% for pay periods on or after July 1, 2030. Based on the results of the January 1, 2024 actuarial valuation, additional increases above the 24.00% employer rate is not currently needed. Future events require increases above the 24.00% employer contribution rate may be needed to amortize the UAAL if the amortization period exceeds 30 years.



Ohio Police & Fire Pension Fund Projection of Employer Contributions Under Current and HB 280 Provisions \$ Millions							
	Calendar Year						
	2024	2025	2026	2027	2028	2029	2030
Police Officers							
Current Provisions	\$ 289	\$ 298	\$ 308	\$ 318	\$ 328	\$ 339	\$ 350
Increase under HB 280 Provisions	-	-	8	24	42	61	76
HB 280 Provisions	\$ 289	\$ 298	\$ 316	\$ 342	\$ 370	\$ 400	\$ 426
Firefighters							
Current Provisions	\$ 351	\$ 363	\$ 375	\$ 387	\$ 399	\$ 412	\$ 426
Increase under HB 280 Provisions	-	-	-	-	-	-	-
HB 280 Provisions	\$ 351	\$ 363	\$ 375	\$ 387	\$ 399	\$ 412	\$ 426
Total							
Current Provisions	\$ 640	\$ 661	\$ 683	\$ 705	\$ 727	\$ 751	\$ 776
Increase under HB 280 Provisions	-	-	8	24	42	61	76
HB 280 Provisions	\$ 640	\$ 661	\$ 691	\$ 729	\$ 769	\$ 812	\$ 852
Employer Contribution Rates							
Current Provisions							
Police Officers	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%	19.50%
Firefighters	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%
HB 280 Provisions							
Police Officers	19.50%	19.50%	20.50% *	21.50% *	22.50% *	23.50% *	24.00%
Firefighters	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Effective July 1 of the Calendar Year							

HB 280/SB 239 Removes the Employer Contribution Rate Inequity

The employer contribution rate for the employer normal cost, which is the cost of benefits accruing, is currently 4.34% for Police Officers and 4.44% for Firefighters. This suggests that the employer rates of 19.50% for Police Officers and 24.00% for Firefighters under the current provisions results in Firefighter employers subsidizing Police Officer Employers. HB 280/SB 239, by making the Employer Rates the same for Police Officer and Firefighters at 24.00% results in removing this inequity effective July 1, 2030.

Important Disclosures

In order to prepare the results in this letter we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

The estimates above are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present plan provisions and actuarial methods that are outlined in the January 1, 2024 actuarial valuation reports and proposed plan provisions outlined in this actuarial note. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this actuarial note prior to relying on this information.



Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Cavanaugh Macdonald performed no analysis of the potential range of such future differences.

The undersigned are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions concerning this information, please let us know.

Respectfully submitted,

Larry Langer, ASA, EA, FCA, MAAA
Principal and Consulting Actuary

Wendy Ludbrook, FSA, EA, FCA, MAAA
Consulting Actuary