



While we understand the timeline and constraints the Board was under, OEA does not support the new plan adopted by the STRS Board. The cuts are too deep and do not offer sufficient flexibility to teachers who are nearing the end of their careers. In addition, the calculations this plan is built upon ignore billions of dollars in investment earnings over the past six months. As an alternative, OEA supports the plan adopted by the STRS Board in October 2010. That plan shares the responsibility for improving system funding more equitably between active employees, retirees and employers.

The components of the plan approved by the STRS Board (January 2011) are as follows:

**Member Contributions:** Additional 3% employee contribution with a three-year phase-in beginning 7/1/2012, plus language authorizing the Board to increase employee contributions by an additional 1%.

**Retirement Eligibility:** Beginning 8/1/2015, phase in a change in age and service requirements for full benefits to age 60 with 35 years of service. Retains age 65 with 5 years of service. Beginning on 8/1/2015 early retirements are subject to actuarial reduction. Eligibility changes would be phased in according to the following chart:

Fiscal Year	<2015		2015-2017		2017-2019		2019-2021		2021-2023		2023+	
	Age	YOS	Age	YOS	Age	YOS	Age	YOS	Age	YOS	Age	YOS
No Reduction	Any	30	56	31	57	32	58	33	59	34	60	35
	65	5	65	5	65	5	65	5	65	5	65	5
Reduced	55	25	55	26	55	27	55	28	55	29	55	30
	60	5	60	5	60	5	60	5	60	5	60	5

**Final Average Salary:** Average of the five highest years of salary effective 8/1/2015.

**Cost-of-Living Allowance (COLA):** Effective 7/1/2012, 2% for all retirees, 60-month deferral for new retirees effective 8/1/2012.

**Retirement Formula:** 2.2% for all years of service effective 8/1/2015 (35 years of service represents 77% of FAS).

**SERS:** In September 2009, the SERS Board approved proposed changes to retirement eligibility for current employees. SERS has not recommended changes in final average salary, cost-of-living, benefit formula or employee contributions. SERS currently has a funding period of under 30 years to pay off the unfunded liabilities of the pension plan. However, in order to accomplish this, the SERS Board has had to reduce the allocation to health care benefits. Below is a summary of the benefit changes recommended by SERS.

**Retirement Eligibility:** For those retiring 8/1/2015 or later, normal retirement with full benefits would be allowed at age 57 with 30 years of service or age 67 with 10 years of service. Early

retirement, with actuarially reduced benefits, would be age 60 with 25 years of service or age 62 with 10 years of service.

**OPERS:** In December 2009, the OPERS Board recommended a number of benefit changes for current employees in the pension plan. These changes are proposed to improve the long-term solvency of the pension plan and to allow a continued contribution to health care benefits going forward. Under the OPERS proposal, those who are ten or fewer years from retirement eligibility would be grandfathered from most of the changes. OPERS has not recommended any change in contributions. Below is a summary of the benefit changes recommended by OPERS.

Retirement Eligibility: Increase of two years of service. 32 years of service, minimum age 55 or age 67 with five years of service for an unreduced pension. For a reduced pension, retirement at age 57 with 25 years of service or age 62 with five years of service.

Final Average Salary: Change the FAS calculation from the three highest calendar years of earnings to the five highest calendar years of earnings.

Cost-of-Living Adjustment (COLA): Replace the current 3% simple COLA with a simple COLA equal to the change in the Consumer Price Index up to 3%. This change would not apply to current OPERS retirees.

Benefit Formula: Maintain the current 2.2% x Final Average Salary (FAS) but increase the time frame that the multiplier increases to 2.5% from 30 years of service to 35 years.

### **DeRose to Leave as OPERS Executive Director**

On February 7, 2011, OPERS announced the resignation of its CEO, Chris DeRose. The OPERS Board will work on a transition plan and a mutually agreed upon departure date. Until his departure, DeRose will remain as CEO. OPERS is expected to conduct a nationwide search for a replacement.

DeRose joined OPERS in October 2006 after nine years as chief executive officer of the Michigan Office of Retirement Systems. He has accepted a position in the private sector as Vice President of Client Services for Strategic Accounts for Ingenix, a health care consulting firm.