

STRS UPDATE - JUNE 30, 2011
CONTRIBUTION CHANGE REMAINS OUT OF FINAL BUDGET BILL
ORSC GOING AHEAD WITH STUDY

The legislative conference committee dealing with the state budget did not include a shift in employer/employee contributions for the five statewide pension systems in its final report issued on Monday, June 27. The Ohio Senate then passed the budget bill on June 28, followed by passage in the Ohio House of Representatives on June 29. The bill then went to the governor for his signature.

During the budget discussions, STRS Ohio voiced its concern about the change, advocating that any discussion of contributions should be held within the context of the pension reform legislation proposed by the five Ohio statewide public pension systems. STRS Ohio is grateful for the many STRS Ohio members and constituency groups who also shared this message with members of the Legislature.

Discussions about future pension reform now shift to the Ohio Retirement Study Council (ORSC), the legislative oversight committee for the five pension systems. It is going forward with its plans to issue a request for proposal (RFP) for an independent actuary and policy advisor. According to the RFP, this consultant will be asked to review the systems' proposed pension reform plans, as well as alternative pension plan design changes, retiree health care coverage, pooled purchasing, and individual account options to augment retirees' pensions and health care coverage. It is expected that the process of hiring a consultant, plus the completion of the requested work, will take the project well into the fall.

Committee hearings on House Bill 69 and Senate Bill 3, which were introduced earlier this year to carry pension legislation, will not be resumed until after the ORSC study is done. However, STRS Ohio members are encouraged to keep sharing their opinions with their legislators - particularly on the topic of preserving defined benefit pensions for future retirees versus moving public educators into defined contribution plans.

As STRS Ohio has noted in previous communications, the defined benefit pensions Ohio's public educators earn:

- *Provide retired teachers a reasonable and reliable pension they won't outlive.*
- *Save taxpayers billions of additional dollars in potential public assistance expenditures now spent to help individuals whose savings accounts, such as 401(k) plans, do not provide enough to keep them out of poverty in retirement.*
- *Provide a stable source of revenue, including tax revenue, for Ohio's local economies.*
- *Are both efficient and economical, as a defined benefit pension can deliver the same retirement income at almost half the cost of a defined contribution savings account due to pooling of investment risk, continual diversification of assets and professional investment management.*
- *Help Ohio's schools, colleges and universities recruit and retain quality educators.*

With legislators spending more time in their home districts during the summer, STRS Ohio members have an opportunity to talk face-to-face with their representatives and senators about the importance of preserving pensions. Phone calls, letters and e-mails are also effective. Although there is a lag in the pension discussion at the Statehouse, it is still important to stress the importance of changes being approved in a timely manner that preserve pensions for all STRS Ohio members.

Links to additional information relating to the proposed pension legislation are below.

Testimony by STRS Ohio Executive Director Michael J. Nehf can be found at: <https://www.strsoh.org/legislation/Testimony.html>.

Contact Information for the Members of the ORSC can be found at: https://www.strsoh.org/legislation/ORSC_contacts.html.

Contact Information for the Members of the House Subcommittee can be found at: https://www.strsoh.org/legislation/House_contacts.html.

Contact Information for the Members of the Senate Government Oversight and Reform Committee can be found at: https://www.strsoh.org/legislation/Senate_contacts.html.