OEA Retirement Systems Update

Report to the OEA Board of Directors: August 2011

Please distribute to other OEA members

ORSC Moves Forward with Actuarial Review, Regional Hearings Expected

The Ohio Retirement Study Council (ORSC) has completed and released a request for proposals seeking an actuarial firm to review proposed pension reforms and make policy recommendations. The deadline for firms to submit proposals is August 25, 2011. The firm selected will be asked to review the changes to pension benefits proposed by the boards of the state retirement systems as well as other aspects of the retirement systems such as underlying assumptions, health care benefits and make other policy recommendations. The ORSC expects that a firm will be selected by the end of August.

Additionally, ORSC Chairman Senator Keith Faber (R-Celina) has announced that ORSC is likely to hold regional hearings on pension reform between August and October. No hearing dates or other information has been released. Pension reform is an issue of critical importance to all OEA members. OEA will share additional details about hearing dates and locations when the information becomes available.

STRS Releases 2012 Health Care Premium Rates

STRS has released the health care premium rates for its 2011 plans. The cost of retiree health care continues to rise because of medical inflation and decisions made by the STRS Board to extend the solvency of the health care program. Reductions in the premium subsidy for retirees will be phased in during the next four years. This will be done by reducing the "multiplier" for years of service to 2.1% from the current 2.5%. By 2015, an STRS retiree with 30 years or more of service will pay 37% of the premium cost. Additionally, premiums for regional health care plans (AultCare, Kaiser and Paramount) will rise significantly over the next four years but are expected to remain less expensive than the comparable Medical Mutual Plus Plan. Plan design and premium reimbursements for Medicare B are unchanged for 2012.

2011 monthly premiums for retirees with 30 or more years of service and under the age of 65 will be $152 for the Medical Mutual Basic Plan and $289 for the Plus Plan. The monthly premium in the Aetna Medicare PPO will be $81 for those with 30 or more years of service. A complete list of premiums for all health plans is available on the STRS website www.strsoh.org.

Other Notes

- The state's biennial budget (House Bill 153) did not include any change in employee or employer contribution rates. The contribution rates for STRS, SERS and OPERS remain 10% of salary for employees and 14% of payroll for employers. Governor Kasich had proposed a 2% increase in employee contributions with a like reduction in employer

contributions. Contribution rate changes are likely to be considered in broader pension reform legislation.

- **STRS:** Beginning on September 1, 2011, Jim McGreevy will serve as Chair of the STRS Board. Mark Hill will begin serving as Vice Chair on that date.
- **SERS**: Madonna Faragher will serve as Chair and Mark Anderson will serve as Vice Chair of the SERS Board for FY 2012.
- **OPERS:** In a recent survey of OPERS members, nearly one-half of respondents considering retirement in the next 12 months indicated that potential pension legislation caused them to consider retiring sooner than they planned.