

OEA Retirement Systems Update

Report to the OEA Board of Directors: September 2011

Please distribute to other OEA members

Six Firms Submit Proposals for Pension System Review

The Ohio Retirement Study Council (ORSC) issued a request for proposals seeking an actuarial firm to conduct an independent review of Ohio's five public retirement systems and provide policy advice on pension reform issues. Six firms submitted proposals in response: Deloitte, the Segal Company, Bolton Partners Inc., Hay Group, Milliman, and Pension Trustee Advisors. The ORSC has not met since the proposals were submitted, and no firm has been selected.

In related news, ORSC Chairman Senator Keith Faber (R-Celina) announced over the summer his intention to hold regional hearings on pension reform. No dates or locations for these meetings have been announced. When this occurs we will provide this information to OEA members.

STRS and SERS FY 2011 Returns Greater than 20 Percent

Investment returns for STRS during the 2011 fiscal year were 22.6%. The fiscal year, which ended June 30, 2011, represented the system's highest return since 1983. All asset classes posted positive returns, led by a 33.2% return for domestic equities. The investments bested performance benchmarks by 0.23%. This means that the active management of investments by STRS staff and asset managers added approximately \$122 million over the exclusive use of index (passive) funds. Total assets at the end of the fiscal year were \$66.2 billion.

SERS, which operates on the same fiscal year as STRS, posted a 20.9% return for fiscal year 2011. This is the second consecutive year of double-digit returns for SERS which returned 12.3% in the previous fiscal year. Like STRS, SERS' domestic equities provided the greatest investment returns (33.8%). All asset classes, with the exception of private equity, exceeded their benchmarks. Total assets at the close of the fiscal year were \$10.6 billion.

OPERS operates on a fiscal year that ends on December 31, so year-end figures are not available at this time. However, over the past two fiscal years, OPERS returns have been 20.1% in 2009 and 13.9% in 2010.

Carraher Named OPERS Executive Director

On Wednesday, August 17, 2011, Karen Carraher was named OPERS Executive Director. Carraher had served as OPERS' director of finance and the interim executive director prior to the announcement. She has worked at OPERS since December 2002 and previously served as director of business services for the Ohio Education Association.