Hello All,

At the STRS Board meeting for February 2012 the Board members heard from Callan Associates; their reports covered the 2nd Quarter 2012 Performance Review and the 2011 Follow-Up Asset-Liability Results. Price Waterhouse Cooper presented the three year Performance Review which contained demographic assumptions and economic assumptions for the system. A ***great amount*** *of discussion was held on all of these reports since the Board is actively working to determine the asset-liability mix and the assumed rate of return to provide security for the system. Board members asked many questions through the meeting. For more information, you can contact STRS at www.strsoh.org. If you do not find the information you need at the website, email your question to www.contactus@strsoh.org.*

Bill Sears

Current Value of STRS assets: $62,515,905,111. It was reported that January was good month with an estimated $1.8 billion added to the assets. The assets are at an estimated down .5% since June 30.

Pension Legislation Could Move in Ohio Senate

STRS Ohio's director of governmental relations Terri Bierdeman reported to the board that Ohio Senate leaders are open to moving pension legislation before its summer break. Senate leaders met with representatives from each of the five public pension systems separately to share this new development and to discuss how best to proceed. The legislators would like pension plan design changes to include a smoother transition to new retirement eligibility rules than what was originally proposed by the systems. Any change in this regard, along with any delay in STRS Ohio's proposed July 1, 2012, implementation date, would cause STRS Ohio's plan to fall outside the 30-year amortization period that has been considered a key element of the system's pension reform plan. The board may consider other benefit changes to balance this cost.

The Senate leaders also called for broad constituent support for the pension reform plan. The retirement systems are developing strategies for communicating the plan design changes to their memberships and how to make it easy for members to show their support for the needed reforms. STRS Ohio will continue to use its website, newsletters and *eUPDATE* email news service to keep members informed about these upcoming efforts.

Health Care Valuation Shows Improvement in Funding Status

Plan changes to lower subsidy levels and additional savings due to changes in the structure of the prescription drug plan led to an improved financial picture for the Health Care Stabilization Fund as of Jan. 1, 2012. STRS Ohio's actuarial consultant, PricewaterhouseCoopers (PwC), presented the results of the annual actuarial valuation of the fund, showing the projected life of the STRS Ohio Health Care Program now extends to 2039 — an increase of about 15 years from last year's valuation. While the solvency of the health care program improved, the Health Care Stabilization Fund is projected to become insolvent without further changes to the program in the future. Changes in coverage features, program eligibility and/or premium subsidies will be needed.

Costs for the health care program are paid out of the Health Care Stabilization Fund. Currently, monies for the fund come primarily from premiums charged to STRS Ohio retirees and their family members who are enrolled in the program, 1% of payroll from employer contributions, government reimbursements and investment earnings on these funds. The balance in the fund as of Jan. 1, 2012, was $2.96 billion.

In December, the Retirement Board directed STRS Ohio staff to begin working on a strategic plan with the primary goals of establishing Medicare as the health care program's cornerstone, achieving 30 years of solvency by 2016 and extending the forecasted solvency to 65 or more years by 2025.

Top 10 Domestic Equity Holdings

Apple, Inc.
Exxon Mobil Corporation
Microsoft Corporation
General Electric Company
International Business Machines Corp
Philip Morris International
Chevron Corporation
AT&T Inc.
Procter & Gamble Co.
Wells Fargo Co.