

STRS NEWS

Board Approves Changes to Actuarial Assumptions

At its March 2 meeting, the State Teachers Retirement Board voted to approve changes to the actuarial assumptions used to calculate pension liabilities. In February, the board's actuarial consultant, PricewaterhouseCoopers (PwC), presented the results of a three-year experience review used to evaluate the economic and demographic assumptions. The experience review, conducted at the board's request, compared what actually happened during the three-year period versus what was expected to happen to the financial and demographic assumptions. Based on its review, PwC recommended adjustments to assumptions about mortality, service retirement, inflation, expected investment returns and salary growth. In total, these new assumptions have a negative overall impact on the system's funding.

The most common ways to express the system's financial condition are through the funding period and the funded ratio. The funding period is the amount of time needed to pay off the system's unfunded liability assuming current contribution rates. The funded ratio is the actuarial value of assets compared to accrued liabilities. The results of the July 1, 2011, valuation showed STRS Ohio's funding period to be "infinite," meaning at the current contribution rates, the system would not be able to pay off its unfunded liability. The funded ratio stood at 58.8%.

With the new actuarial assumptions, the system's funded ratio drops to 56.6% and the funding period remains "infinite." Below is an outline of how some of these new assumptions impact the system's funding:

- **Reducing the inflation assumption from 3% to 2.75%** — impacts economic assumptions including expected investment return and individual salary increases.
- **Change to mortality assumption increases liabilities** — this change reflects that STRS Ohio members are living longer and STRS Ohio is paying benefits for a longer period of time.
- **Reducing the expected investment return from 8% to 7.75% increases liabilities** — assets are not expected to grow as fast, due primarily to lower

inflation.

- **Increasing the salary growth assumption increases liabilities slightly** — reflects that individual teacher salary growth experience was slightly higher than previously assumed.

New Actuarial Assumptions Impact Board-Approved Pension Reform Plan; Board Asks Staff to Study Additional Plan Changes

In January 2011, the Retirement Board approved changes in its plan to strengthen the financial condition of the pension fund. The changes are projected to save about \$10.9 billion in accrued liabilities and bring the pension fund to a 30-year funding period. As noted in the story above, the new actuarial assumptions approved by the board on March 2, have a negative net impact on the system's funding. That impact, coupled with a delay beyond the proposed July 1, 2012, implementation date and a request to smooth the plan's transition to new service retirement eligibility rules will cause the plan to fall outside the 30-year amortization period that has been considered a key element of the reform plan.

During its March 2 meeting, the Retirement Board discussed studying other benefit changes to reduce the amortization period. The board directed staff to study additional revisions to pension plan design and to provide implementation recommendations to the board at a future meeting. The revisions to be researched include smoothing the transition to new retirement eligibility rules for those nearing retirement and implementing a cost-of-living adjustment (COLA) cap or one-year COLA suspension.

As the board and staff prepare for an opportunity to move pension reform legislation this spring in the Ohio Senate, the board has asked staff to research mechanisms that could provide the board authority to adjust plan design in the future. This concept was also suggested by Pension Trustee Advisors, the actuarial firm hired by the Ohio Retirement Study Council to review pension reform plans. The board authorized staff to research plan design mechanisms including age and service eligibility, employee contribution rates, benefit formula, COLA, and a required Medicare Part B partial reimbursement and to provide details to the board at a future meeting.

CONTACT YOUR RETIREMENT SYSTEM

STRS 1-888-227-7877 or www.strsoh.org

SERS 1-800-878-5853 or www.ohsers.org

OPERS 1-800-222-7377 or www.opers.org

OEA-R NEWSLINE

COMMITTEE REPORTS

OEA-R FCPE

Carol Kinsey, Chairperson

The State Council met via telephone conference call on Wednesday, November 9, 2011 for the sole purpose of conducting a screening for the U S Senate seat currently held by Senator Sherrod Brown which is up for election in 2012. Senator Brown provided us with his responses to the NEA questionnaire and screened via the call from Washington, D C. His opponent, Josh Mandel, informed OEA by letter he was not available for a screening that night and did not complete the requested NEA questionnaire. The Council voted unanimously to recommend to NEA the endorsement of incumbent US Senator Sherrod Brown for re election. OEA President Patricia Frost-Brooks will take that recommendation to NEA in December for their action.

The OEA State FCPE Council met again via conference call on Tuesday, November 15 for the purpose of reviewing the annual OEA-FCPE Annual Fundraising Plan and discussing both the new Congressional and State Legislative maps along with the realignment of the DSCs. Also reviewed and approved was the Candidate questionnaire to be used for State Legislative Candidates in 2012.

During 2011, many OEA-R members were involved in every aspect and activity related to SB5/Issue 2. OEA-R presence was visible across the state and noted. It is now time to focus on the 2012 elections and hopefully we will see our greatest amount of retiree participation to date!

COMMUNICATIONS/PUBLIC RELATIONS COMMITTEE

Bill Sears, Chairperson

The Committee met four times this year, in September, December, March, and May. The group regularly reviews the NEWSLINE, our website, use of the listserve, expanding communication opportunities, and public relations promotions. Jack Boyd is now the Webmaster and Bill Sears remains the NEWSLINE editor.

In helping to promote membership, a giveaway, a booklet of postits, was designed by the Committee and provided to each new enrollee in OEA-R/NEA-R at the Spring Representative Assembly. The listserve was used three times during the fall to promote awareness and information on Issue 2. The Committee also reviewed membership promotion materials and the use of the "Open Roads" logo. A new design for

logo. A new design for future listserve messages has been developed and adopted.

The Committee continues to review and take input to improve and expand our communications and to meet the public relations needs of OEA-R.

MEMBERSHIP/GUIDELINES/ ELECTIONS COMMITTEE

Lee Schreiner, Chair

A two-year NEA Grant was approved by NEA highlighting retired membership recruitment in Ohio. The primary purpose of the **Ohio Enhanced Action Recruitment Plan** is to increase our membership by enrolling newly-retired members and by recruiting OEA pre-subscribers through personal contact at local, district and state functions. The committee discussed and made recommendations for the make-up of the NEA Grant Project Team which would facilitate the planning and implementation of the grant goals. The committee recommended the gathering of information regarding district retired organizations with the goal of obtaining data to make recommendations to achieve more unity throughout Ohio. Bill Otten, as the OEA Retired Program contact & staff liaison, has been a great resource and support with membership work and programs.

NEA-R dues will increase \$50.00 beginning July 2012. (Lifetime membership)

Eight delegates were elected in the spring to the NEA RA (1 additional) due to OEA-R's increased membership count. Ballots to elect an additional 24 delegates to the OEA Representative Assembly were counted and verified by members of the OEA-Retired Advisory Council on October 27, 2011 OEA-R Advisory Council Members are delegates by virtue of office. There were 1,750 total ballots cast and of those, 1,610 were valid and 140 were void (more than 24 candidates voted for). Currently it is the committee's goal to simplify the process.

LEGISLATIVE COMMITTEE

Chris Swank, Chairperson

The Legislative Committee continues to monitor OEA Legislative policies as they relate to retiree issues. There are no recommended changes to the Legislative Policies for the OEA.

This year one of the assignments for the OEA Legislative Committee was to update the Education Reform Package. A sub-committee was created and it met several times this year. Chris Swank represented OEA-R. The Education Reform Document has been totally revamped into the

Systemic Policy Agenda of the Ohio Education Association, Supporting a High-Quality Public Education System in Ohio. This document was approved at the Fall 2011 RA. The OEA-R Legislative Committee meets in conjunction with the OEA-R Advisory Council Meetings.

DISTRICT REPORTS

ECOEA – Kathleen Purdy: On Monday, February 20, 2012, all retirees were invited to a "Winter Brunch" at the Das Dutch Kitchen in Dalton, OH hosted by me. Table favors were "Chicken Soup for the Soul" 18- month 2012-2013 wall calendars. Current members in attendance and retiring at the end of this school year will be recognized during the April 21 ECOEA RA. My goal is to increase our membership by 10 new members at this assembly.

CAPITAL - Marilyn Allen: CEA-R members have contributed books to the CEA Reach Out and Read program. The books are distributed to doctors' offices to be given to young children. CEA-R members are looking forward to our annual June meeting. Members from the Columbus Historical Society will present a program about the founding of Columbus. Our CEA-R Notes will sing. Please check our website and Facebook page to learn more about Capital's activities.

HIGHER EDUCATION – Bonita Harris: The last meeting of HEAC was held in Columbus on December 2 and 3. Russ Harris is the new HEAC staff liaison. Charter Universities were discussed. The atmosphere on campuses is tense. There have been negotiations at Cincinnati State, Youngstown State, and Hocking Tech.

EOEA – Jack Boyd: The Route 40 Roadhouse was the location for our January 27th luncheon. Approximately 25 members attended. Jim McGreevy gave an STRS Update. Our membership now stands at 68.

NEOEA – Beryl Burkle: At the NEOEA-R Organizing Committee meeting on February 7 discussion was held on NEOEA-R's participation in the NEOEA Megaconference, the upcoming NEOEA-R Spring Conference, developing strategies to get more retirees involved, pre-retired membership, upcoming elections, NEA-R Conference in Las Vegas, and Social Security. The next meeting will be April 11.

NCOEA – Mary Jane Schlairet: Information about the pre-retired recruitment incentive has been put in the NCOEA on line edition of our newsletter. There is a new newsletter editor and none of the NCOEA-R members received the only had copy being produced this year. Joyce Skocic has been elected to be the NCOEA-R Representative on the

OEA –R Advisory Council for a three year term.

SEOEA – Christine McVicar: Two articles have been written for the next SEOEA Ink Pad e-news. One article promoted pre-retired lifetime membership in OEA/NEA with directions on how to join up before the September 1 dues increase. The second article explains the OEA-R Mentor/Mentee Program requesting the active teachers promote the program by word of mouth. The SEOEA Executive Council was also informed about the two opportunities for retired membership to participate in OEA-R by attending the Fall Conference in Columbus and the Spring Regional Conference held during the third week of May.

WEOA – Jane Rahn: WEOA-R has an ad hoc committee working on an update of Standing Rules and Policies. It is hoped that the report will be in a completed form by the June meeting. Election of officers will take place at the May meeting. Members have also been working on the planning (with SWOEA) of the Region 5 Spring Conference in May 16. The April 18th meeting is a program entitled Myths and Legends at the Dayton Art Museum with lunch at the café.

CENTRAL - Lee Schreiner: Central-R continues to grow as we strive to communicate with our past and recently retired members and enable them to join in. We have added a number of Lifetime OEA-R/NEA-R members since January. Our Central-R Advisory Council continues to meet each month planning and implementing new and exciting things to our retired agenda as we continue to grow. There are 13 mentoring pairs at OSU for our inaugural kick-off year in this exciting and important program.

SWOEA – Bob Beers: Our membership now stands at 164. There will be a Spring Field Trip to Pyramid Hill on May 25. We have been working along with WEOA-R on finalizing a great Spring Conference. Bill Sears and Marti Huss attended the NEA-R Conference in Las Vegas.

AT-LARGE – Carol Kinsey: I have been involved with the Project Team Grant activities and development. At the recent ECOEA-R Retirement Planning Workshop Kathleen Purdy and I each signed up two new pre-retired members. I was also able to sign up one member at the statewide ORTA conference, and two members at the Canton Uniserv Bargaining Training.

FCPE INFORMATION

Now is the time to make your donation to the Fund for Children and Public Education. It's quick and easy to donate electronically. Go to www.ohea.org. On the left, scroll down to "Quick Links" and then to "Donate to FCPE." VISA and MasterCard are accepted. Let's help raise money to elect pro-union, pro-education candidates in 2012.

OEA-R NEWSLINE

MEMBERSHIP INFORMATION

Have you moved? Has your telephone number changed? Have you changed email addresses? Would you like to receive electronic monthly updates from OEA-R? If these or any other changes have occurred, please contact the Membership Division at membership@ohea.org or call 1-800-282-1500 to make corrections or changes in the information.

Do you know someone who has been “putting off” joining OEA-R/NEA-R.? Do you know a still active member who would be interested in joining? Well, this is the perfect time to encourage them. The NEA dues will increase by \$50.00 on September 1. Members attending district RA’s or the OEA RA can join by going to the OEA-R table. Volunteers will be there to assist members in joining. Already retired members can join by contacting the Membership Division at membership@ohea.org or call 1-800-282-1500

Our Mission Statement

OEA-Retired is dedicated to meeting the needs of its members, providing member involvement within OEA, and supporting public education.

2011-2012 Officers

David Bowen
President

John Hoyes
Vice-President

Marti Huss
Secretary

Homer Adams
Past President

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Bill Sears, Editor

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