

OEA Retirement Systems Update

Report to the OEA Board of Directors: January 2012

OEA Endorses Tim Myers for Reelection to the STRS Board

At its December meeting, the OEA Board of Directors voted to endorse **Tim Myers** for reelection to an active seat on the STRS Board. He is a teacher in Elida Local Schools and a current member of the STRS Board. The STRS Board election will begin this April.

Myers is serving the final year of his first term on the STRS Board. This valuable experience includes a year served as the Chair of the STRS Board. Throughout his time in this vital role, Myers has been a valuable voice in promoting the well-being of members, both active and retired, while addressing the critical issues that face the long-term funding of the pension system.

OEA members can assist in this election by signing or circulating nominating petitions for Myers. In order to qualify for the ballot, each candidate must collect signatures of at least 500 members with 20 or more signatures from at least 10 counties. Active teachers contributing to STRS are eligible to sign nomination petitions. To request petitions, please contact Robert Davis in OEA Governmental Services, davisr@ohea.org. Please provide your mailing address in your email as the petitions cannot be reproduced or sent electronically.

SERS Receives Actuarial Valuation for FY 2011

The SERS Board has received the actuarial valuation of the pension plan for fiscal year 2011 from its actuarial firm. The report shows that the funding period, the amount of time needed to amortize the unfunded liability of the pension plan, has been reduced to 28 years. This is in keeping with the Board's policy to reduce the funding period annually in order to pay off the unfunded liability over a 30-year period.

The report also shows a decrease in the funding ratio of the pension plan to 65.2%. This is a result of continued recognition of investment losses (smoothed over a four-year period) and the Board's decision to reduce the assumed rate of return from 8.0% to 7.75%.

The actuary also reported an increase of five years of projected solvency for the SERS health care program. The program is now projected to be solvent until 2023. Even though a higher percentage of employer contributions have been devoted to funding pensions, changes to the health care program, federal reimbursements and prescription drug savings have helped to extend the life of the program.

OPERS Continues 4% Health Care Contribution for 2012

On Wednesday, December 14, 2011, the OPERS Board voted to continue the allocation of the employer contribution rate with 10% of payroll to pension and 4% to health care. Under current law, an amount equal to 14% of payroll is contributed by OPERS employers. This amount is primarily to pay pensions and the unfunded liability of the pension plan. A portion of the employer contribution may be used toward funding the health care program.

The OPERS Board has adopted a schedule of phasing-out the allocation of the employer contribution to health care. This schedule calls for reducing the allocation to 1% in 2013 and eliminating it in 2014 and thereafter. However, this decision is subject to change as the allocation is acted upon by the Board annually. One of the primary goals of the pension design changes recommended by the OPERS Board is to reduce pension liabilities to allow health care funding to continue at 4%. Changes to pension benefits, such as those recommended by the OPERS Board, require a change in state law and pension reform legislation is currently on hold in the legislature.