

## OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF MARCH 27, 2018

President Nancy Wardwell (OSU) called the meeting to order at 9:30 a.m.

The Minutes of the November 28, 2017 meeting were read and accepted with 1 minor correction to a date.

OCHER Treasurer, Jim Lapp (Univ. of Toledo) handed out the OCHER Statement of Revenues and Expenditures as of 3/27/2018 and it was approved with no changes. The current ending balance of the organization is \$5,691.02 and 2017-18 assessments for all university members are paid in full.

Michele Hobbs (OSU) reported on OPERS: **1)** HB413 which would adjust the COLA and change some things for future retirees was NOT passed by The Ohio State Legislature. **2)** Pension liabilities are 80% funded with total assets of \$83.7 billion, and Health Care Costs are 65% funded with total assets of \$12.6 billion. **3)** In February 2018 OPERS submitted an Information and Technology Report and stated that the database faces constant threats of hacking, identity theft, etc. and OPERS remains vigilant in protecting this information with Multilayer Network Protection, Firewalls and a host of other protection services.

Gordon Gatien, OPERS Director for External Relations spoke: **1)** The Medicare Connector changed its name. The parent company changed from Towers Watson to **Willis Towers Watson** and One Exchange is now **VIA Benefits**. He said it is the exact same company and that nothing should change. He wants members to be aware if they receive information from VIA Benefits **DO NOT** discard it. **2)** Gordon mentioned the special election OPERS held for a new Board Member due to the unexpected death of a previous member. **3)** As of January 2018, OPERS has stopped putting contributions into the Health Care Fund--so funding to health care is 0%. The reason for this is they are mandated to fund pensions, but not the Health Care Fund (this also holds true for STRS). **4)** He talked about the defeat of HB413 (which is proposed changes to the COLA):

- a) OPERS was disappointed, but not surprised at the defeat
- b) OPERS was not going to give up on trying to reduce the COLA. They are going to work harder to educate the legislature about how prudent this reduction is for the future. Their unfunded liability is \$19 billion (20%).
- c) OPERS is constantly reviewing ways to reduce this unfunded liability. The COLA is the last big leverage they have to reduce this liability.
- d) To get similar leverage it would affect future retirees--their multiplier would drop from 2.2 to .8.
- e) The only other options they could look at would be going to a Defined Contribution Plan or Hybrid Plan.
- f) When OPERS reduced their actuaries from 8.0 to 7.5%, it increased the unfunded liability by \$6 billion and increased the amortization by 29 years.
- g) The OPERS Board has no authority to make final decisions on the pension side, the Ohio State Legislation does; but the OPERS Board has full authority on the Health Care Fund.
- h) STRS Board holds complete decision making of their pension fund and the SERS Board recently gained complete decision making of their pension fund.
- i) Gordon stated there are pros and cons to having Board or Legislative Authority.
- j) OPERS understands that a COLA reduction to a retiree who is at the lower end of pension payments (i.e. \$20,000 annually) could be devastating, but they have to look at the OPERS group as a whole and cannot focus on 1 particular retiree group.

### CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES

**Ohio State University-** **1)** President = Michael Drake, MD; they have a relatively new Provost = Bruce McPheron, PhD. **2)** OSURA has 2700 members out of a possible 10,000 retirees. **3)** Their retiree association suffers from the

lack of ACTIVE volunteers. People willing to participate in events, but not willing to lead or organize them. **4)** their signature event, a full day Fall Annual Conference attracted over 300 members and was well received by attendees and sponsors. **5)** 2017-18 total enrollment (for main campus and satellites) is 66,414; retention rate for freshmen is 94%; the student to faculty ratio is 19:1. **6)** in-state tuition fees = \$10,591; out-of-state = \$29,659; and room/board = \$12,252.

**Ohio University-** **1)** President = George Weckman; they are currently searching for a Provost. **2)** Retiree association has 500 members, about 50 participate. **3)** May 19, 2018 an electronic kiosk is going to be dedicated to Chuck Carlson and his wife, Harriett--Carlson was a former OCHER President, Emeriti of Ohio University and President of Ohio University's retiree association.

**SIDE NOTE: YSU requested information on Ohio University's electronic kiosk for possible implementation at YSU for the Heritage Award recipients.**

Gerald Newsom (OSU) gave the Health and Pension Advocate (HPA) and STRS Board reports suggesting two important items: STRS portfolio is better but still not where it was before the "Great Recession" and the concern that retirees were overtaking actives appears to be reversing. He also offered that increase in premiums for next year will be in the 3-4% range.

Greg Nickell, STRS Health Care Director, gave us an update on our health care. Among his observations: **1)** the plan design going into effect in 2019 was projected to extend solvency to 2047, **2)** lower per capita claims increased solvency by 3 years, **3)** favorable return on assets also increased solvency by 3 years, **4)** assuming the Fund earns 7.45% in all future years, the Fund is now projected to remain solvent for all current members, **5)** Express Scripts Prescription Drug out-of-pocket limits were increased as of January 1, 2018.

Marla Bump, STRS Legislative Liaison, reported that neither national nor state initiatives that negatively impact our pensions are being pursued, at the moment. There is some concern about the possible retirement of Supreme Court Justice Anthony Kennedy retiring.

Future meetings of OCHER are May 22 and September 25.

Respectively submitted by  
Marianne Anderson and George D. Beelen