

OHIO COUNCIL OF HIGHER EDUCATION RETIREES
Minutes of the meeting, November 18, 2014
STRS OHIO, Sublet Meeting Room

PRESENT: Bowling Green State University: Anderson; University of Cincinnati: Huether; Cleveland State University: Olson, Ramos; Ohio State University: Hill, Hobbs, Wardwell; Ohio University: Evarts, Dean; University of Toledo: Lapp

ABSENT: University of Akron, Miami University, North East Ohio Medical University, Shawnee State University, Wright State University, Youngstown State University

GUESTS: Marla Bump, STRS, Director of Governmental Relations, and Bill Winegarner, Administrator of Public Employee Retirees, Inc.

The meeting was called to order at 9:30 a.m. by Nancy Wardwell, President, OCHER.

Announcements: Richard Dean announced that Art Woolley had a bad fall and required surgery.

PERI, (Public Employee Retirees, Inc.)

William Winegarner, Administrator of PERI spoke. He explained that PERI is a political influence group. They have a good diplomacy working relationship with the Ohio Public Employee Retirement System (OPERS).

Benefits of P.E.R.I. Membership

Membership in PERI will keep you informed and involved regarding your retirement security. PERI helps you understand the good and bad parts of each House or Senate Bill that affects our retirement pensions, pension fund investments, or health care benefits.

You will have peace of mind knowing that someone is on the job monitoring legislative and political activity that may affect your retirement and benefit package; knowing that someone will alert you when there is a need for your personal involvement; and knowing that someone is there to let you know who to contact, when to contact them, and the best way to express your point of view.

Below are specific benefits you'll gain from PERI membership:

- **Membership Card** with important Retiree and Healthcare phone numbers on the back.
- **Quarterly Newsletters** to keep you informed about legal and political issues that may affect your retirement benefits.
- **Information** from our Legislative Counsel, who monitors proposed and actual legislation before the Ohio General Assembly.
- **Insight** to pending legislation, without political or news media interpretation, commonly referred to as “spin”.
- **Explanations** that will help you understand the good and bad parts of each House or Senate Bill that may affect our retirement pensions, pension fund investments, or healthcare benefits.
- **Representation** on PERS retiree issues before the Ohio General Assembly and its committees.

- **Availability** of the PERI staff (via E-mail) to help you understand the complexities of your pensions and healthcare benefits.
- **800 Service** with live staff members to answer your questions about legislative issues and help you through problems with PERS Departments or Healthcare Service Providers. (This is not a legal service.)
- **Access to current Legislative News** with updates on our website at <http://www.operi.org/lnews.html>.
- **Access to representation** before the US Congress and its committees through our affiliation with the National Conference of Public Employee Retirement Systems (NCPERS).
- **Availability** of Local Chapter Membership within the state of Ohio.
- **Fellowship** with other Public Employee Retirees in order to discuss retirement issues.
- **Access** to a variety of speakers from PERS and our Healthcare Providers.
- **Fellowship** with other retirees, just for the fun of it.

All of PERI's Officers and District Representatives are PERS retirees who volunteer their time for the good of all retirees. PERI is the retiree association for those public employees who are receiving service, disability, or survivor pensions and benefits from Ohio's Public Employees Retirement System. PERI is not a union, nor does it represent or support any political parties or candidates. PERI does not sell its membership list, nor does it endorse any products or services.

Minutes and Secretary's Report: The minutes of the September 16, 2014 meeting of OCHER was approved with corrections.

Treasurer's Report: The report from the treasurer was approved. The ending balance is \$5,160.88.

OPERS – Michele Hobbs reported the following: Joint Retirement Update: Recommendations – After several meetings with the staff and actuaries of each of OPERS, SERS and STRS the Executive Directors of each agreed to a subset of goals that were common goals between all the systems, review the work of the systems' actuaries, and determine next steps. At that meeting, the Executive Directors agreed upon four objectives:

1. Retain joint retirement.
2. Allow member choice.
3. No financial incentive or harm for choice.
4. Address issues on how service credit will be determined by the system paying the benefit.

Recommendations – Staff has come to the following agreement subject to the approval of each individual retirement board at the October 2014 meeting and subject to the necessary statutory changes:

1. Modify the transfer formula.
2. Modify the provisions of law that restrict independent retirement.
3. Continue to certify to the paying system the service credit earned.
4. Modify the provisions of law that allow restorations of refunded service credit at another system.

Upon the approval of each system's board, the recommendations listed above will be pursued during the time the legislature is in session following the elections in November 2014. Each system support of these recommendations is contingent on all of the items being included in the legislation.

STRS/HPA - Dick Hill reported on STRS Investments:

1. Investment (Overall Asset Mix) FY 2015: \$73.381 Billion, - 0.2% since June 30, 2014
2. Preliminary Financial Statements for FY 2014. Preliminary reported show the unaudited plan
 - a. Net assets increased 9.9% to end fiscal 2014 at \$75.4 billion.
 - b. The Health Care Funded ended fiscal 2014, at 3.6 billion, up from \$3.3 billion from fiscal 2013.
 - c. Total plan contributions in fiscal year 2014 were \$3.1 billion.
 - d. Total investment income was \$11.1 billion and
 - e. Total plan deductions were \$7.4 billion.
3. STRS Current FUNDING PERIOD – Infinity Down to 29.5 Years (goal met within ~2 yrs).

Legislative/Pension & Health Update. Dick Hill reported:

1. Employer Wellness Programs – Raising Privacy and Participation Issues. Employers are navigating wellness programs more carefully. The Equal Employment Opportunity Commission has warned that wellness programs may violate the law when they are nominally optional but essentially mandatory in practice.
2. Carrying Viruses? – Even Healthy People Do. “Researchers sampled 102 healthy young people between ages 18 and 40 for signs of viruses in their bodies” and found that 92% of people carried at least one virus with some people carrying 10 to 15 viruses.
3. US Life Expectancy – Growing Longer ... But Women Still Hold Their 4.8 Year Lead. USA Today reports that life expectancy in the US rose in 2012 to a record high of 78.8 years, up from 78.7 years in 2011, according to a new report on mortality in the USA from the Centers for Disease Control and Prevention's National Center for Health Statistics “Life expectancy for females was 81.2 years, and 76.4 years for males.
4. Men – Easy on the Testosterone. An FDA panel recommended that the companies that make the testosterone products conduct research to assess the risks of heart attacks and stroke.
5. Ohio's Birth Rate (1946 to 2013). According to the Office of Vital Statistics and Disease Control and Prevention In the year 1956 there were 245,000 births. In 2012 there were 135,000.

Marla Bump, STRS, Director of Governmental Relations

Marla reported Legislators are returning to work following the elections for what is known as the lame-duck session. Pursuant to the recent agreement between the School Employees Retirement System (SERS), OPERS and STRS Ohio, we also anticipate language to address joint retirements to be on the radar screen for legislators as they wind down the current General Assembly. Language to effectuate the joint retirement agreement is currently being drafted by the Legislative Service Commission.

Republicans maintain legislative majorities; add to their numbers in the House. The majority padded its numbers by two. In January, the split will favor the Republicans 65 to 34. In the Senate, the numbers remain as they were heading into the elections with the Republicans holding 23 seats and the Democrats 10.

The Ohio Retirement Study Council (ORSC) met on Nov. 5. One prominent agenda item was a report from Council staff on outstanding issues and recommendations made over the years. Some of the policy

suggestions were drafted by an independent consultant working for the Council, while other potential changes have been raised by ORSC members in recent years. The list includes:

1. Updating ORSC policy statements on pension framework.
2. Conducting a triennial alternative retirement plan mitigation rate study.
3. Permitting, instead of requiring, systems to provide long-term care coverage.
4. Adding a declining 30-year funding policy.
5. Updating previous studies regarding the disparity between employer rates in the Ohio Police & Fire pension Fund (OP&F).
6. Reviewing the adequacy of OP&F contribution rates.
7. Removing the authority of the State Teachers Retirement Board to issue a 13th check.
8. Discouraging reemployment with the same employer in the same position
9. The mitigating rate study that Council is expected to receive in December.
10. Reviewing disability definitions in law enforcement divisions.
11. Examining the relationship between custodial banks and pension funds.
12. Asking the attorney general's office to review contracts issued by the Council for potential concerns.
13. Eliminating a qualified manager report.

Issues on Capitol Hill

2014 Midterm Elections result in Republican Control in House and Senate. The most recent numbers give the Republicans 244 of the 435 House seats and the Democrats 184.

Due to the bad weather conditions the meeting was adjourned early after Marla Bump's presentation.

Submitted by Michele Hobbs

Secretary, OCHER Board