

OHIO COUNCIL OF HIGHER EDUCATION RETIREES (OCHER) REPORT OF SEPTEMBER 27, 2022

Meeting called to order at 9:30 a.m. 1st time in two years at STRS building in Columbus.

The Minutes from May 14, 2022 OCHER meeting via Zoom were approved.

OCHER Treasurer, Jim Lapp (Univ. of Toledo). The current ending balance of the organization is \$5,294.25.

Gerald Newsom (OSU) reported on STRS Board Meeting

Actual Items Pertaining to STRS discussed at Board Meeting:

- Fiduciary (done by Funston Advisory Services) and Actuarial (done by PTA/KMS) audit reports commissioned by OSRC were released in May and basically gave STRS a clean bill of health.
- Funston stated STRS was a top performing investor, better than the other 4 public pension systems.
- Criticisms of staff compensation were unfounded.
- Funston's report also rebutted the baseless claims made by ORTA and Ted Seidle.
- PTA/KMS did their Actuarial Audit and found that their numbers came out remarkably close to those of Cheiron, the STRS consultants.
- STRS sent out an email on June 30, 2022 inviting members to join STRS on social media-a possible step towards making more information available. STRS is also in the process of hiring a Public Affairs person.
- Preliminary return on investments for FY22 was -3.61% which is 10.61% less than the assumed rate of return of 7.0%. Investment assets dropped by \$7.2B in FY22.
- So far, FY23 shows a gain of 1.33% for the first two months.
- In FY22, 65% of new full-time higher education faculty (who can choose STRS or an Alternative Retirement Plan) chose STRS even amidst adverse publicity directed at STRS.

General Items Pertaining to STRS discussed at Board Meeting:

- The Boston College Center for Retirement Research (**CRR**) issued a study called "legacy debt." Jerry Newsom states legacy debt "... is debt in a pension system left from the early history of the pension fund." In the early 1900's "benefits were not funded using modern actuarial practices until much later, utilizing instead either a pay-go approach (in which annual payments to retirees were simply paid out of current government revenues), or some form of 'much more lax' actuarial funding methods. In either case, the result was a 'saddling' of the plans with 'decades of unfunded benefit accruals.'" "OPERS and STRS had the greatest portion of their unfunded liabilities (74%) attributable to legacy debt." **UPDATE-** CRR is proposing to split off the legacy debt from the main STRS pension fund. The thought is, to pay off the legacy debt spread the amount out over several generations instead of it being an obligation of current STRS members. Employers would pay a fixed dollar amount each year toward the Legacy Debt. Gerry's personal opinion is that the legislature would never approve CRR's proposal.

- ORSC tabulated average retiree benefits for OHIO retirees

PERS	\$28,860
STRS	\$46,938
OP&F	\$51,552
SERS	\$16,155
HPRS	\$46,932 (Highway Patrol)
Soc Sec (avg)	\$19,884
Soc Sec (max)	\$40,140
- Several groups (the American Legislative Exchange Council-ALEC; The Fordham Institute and The Buckeye Institute) have been arguing that the DB (Defined Benefit) plan should be abolished and replaced with the DC (Defined Contribution) plan. Some arguments are that DB's are unaccountable and unaffordable, and assume high, unrealistic goals for investment returns; while DC's give public workers greater flexibility with their retirement contributions.

Greg Nickell (STRS) 2023 Health Care Update:

- The Basic Plan will cover **ALL** in-network PCP Office visits at \$20.00 copay instead of only the first two.
- Decrease the Rx out-of-pocket limit to \$4,000 from \$5,100 for both non-Medicare and Medicare.
- Instead of \$29.90 being added to pension checks, there will be a \$30.00 monthly premium reduction. So, an additional .10 will be in pension checks (only work with whole dollar amounts for insurance).
- The Board approved the premiums for 2023 and it resulted in a premium decrease for about 96% of current plan enrollees. A complete list of premiums is available on the STRS website, www.strsoh.org, or by calling the Member Service Center at 888-227-7877.
- STRS changed the pharmacy network for Medicare enrollees to one of Express Scripts' high performing networks. This will produce about \$2.4 million in savings that is being used to lower premiums.
- Very small increase (\$0.52 individual, \$1.04 family) in dental premiums, no change in vision.
- Once enrolled in a dental and/or vision plan, you must remain enrolled for the entire two-year period ending Dec. 31, 2024, and pay monthly premiums even if you no longer need or use the services under the plan.
- STRS obtained a program thru Express Scripts called **Hinge Health**. It's for musculoskeletal issues (knees, hips, back, etc) that members can enroll in without going thru a doctor. An email went out to all members. The program kicked off August 1, 2022 and already has 1,447 enrollees.

Legislative Report, Marla Bump, Director of Government Relations for STRS Ohio

- Still relatively quiet from the legislative side.
- Only one Bill (HB723)-it allows for re-employed retirees to run for the STRS Board.

Legislative Report, Gordon Gatién, Director of External Relations for OPERS

OPERS PENSION FUND:

- The Defined Benefit (DB) fund posted a -9.3% investment return thru July 2022 (net of fees).
- The Defined Benefit (DB) fund declined from \$2.38B to \$2.08B during the 2nd quarter of 2022.
- OPERS Board approved the employer and employee contribution rates for the biennium period July 1, 2023 thru June 30, 2025. These rates will remain the same as in past years.

	Employer Rate	Member Rate
State Employees	14%	10%
Law Enforcement	18.1%	13%
Public Safety	18.1%	12%

- Gordon talked about HB 82 dealing with the full repeal of WEP (Windfall Elimination Provision) and GPO (Government Pension Offset). He said OPERS never supported the full repeal because it would be too costly, but supported a hybrid formula. Just recently, HB 82 was taken off the table, but Gordon thought this might be good because it could lead to a compromise of these two programs.

OPERS HEALTH CARE FUND

- OPERS Health Care Fund increased funding to 29 years in 2021 from 25 years in 2020. The improved outlook resulted from positive investment returns (NOTE: the health care funds are invested differently than the pension funds). The earnings expectation for the health care fund was 6%, the actual investment return was 14.4%.
- On the flip side of this good news, currently **ALL EMPLOYER** contributions are being allocated to support the Pension Funds. If the future holds the continuance of employer contributions going towards the pension funds, the external actuary for OPERS (Gabriel, Roeder, Smith and Company) projects the Health Care Fund to run out of money in 2051.
- Open Enrollment begins October 15, 2022.
- Gordon said that last year Via Benefits lost 40% of their brokers before Open Enrollment (due to the Great American “Resignation” happening all over the country). Both OPERS and Via Benefits addressed some of these issues and he’s very hopeful that this year’s Open Enrollment goes much smoother.
- MetLife is the new provider for Dental and Vision—there’s a slight increase in dental, but a slight decrease in vision.

Bill Neville, Executive Director of STRS

- There are 209 Centenarians in the STRS system.
- Oldest member has been receiving benefits for 42 years.
- There are 123 members who are exactly 99 years old.
- 16 active members have 50 years of service.
- OSRC meetings and STRS Board meetings are now televised/live streamed. Materials remain on the website for 1 month.

- Stated that all of their audits have shown that STRS is on solid ground, but they are dealing with so much negativity from various groups that no one seems to believe the positive.
- STRS is desperate for suggestions on how to disseminate their information to its members and project positive aspects as well as explain their decision making.
- **Bill and Marla Bump reached out to the OCHER members in an email after the meeting and stated that STRS Ohio would welcome the opportunity to speak to gatherings of colleagues at our respective institutions.**

CAMPUS AND ASSOCIATION REPORTS FROM OCHER MEMBER UNIVERSITIES

Cleveland State University

- Roger Govea was sad to say that their retiree organization never recovered after COVID. He said they don't even have meetings anymore.

University of Akron

- Due to the pandemic, their Retiree Association is awarding three scholarships this year instead of the usual two.
- After more than a year, the RA held its Soup and Chili Supper at Goodyear Metro Park.
- The Goodyear Foundation has committed \$1.6 million for a new effort, The Driving Opportunity Scholarship designed to increase job readiness training for underserved students.

Remaining 2022 meetings of OCHER:

Tuesday, November 15, 2022 (ZOOM Meeting because of uncertain weather conditions)

Respectively submitted by
Marianne Anderson