



Keeping Up with the Ohio STRS, SERS, and PERS Rumor Mills

As a service to NEOEA-R members, we are reprinting the February Retirement Systems report to the OEA Board of Directors. For past and future reports go to the OEA-R section on the OEA website at www.ohea.org, then click on "OEA-R" along the left side. Keep informed. Changes are on the way. Have the facts as you discuss these issues with your friends and colleagues.

For additional up-to-date information go to these sources:

OEA: www.ohea.org; STRS: www.strsoh.org; SERS: www.ohsers.org;
PERS: www.opers.org; ORSC (Ohio Retirement Study Council):
www.orsc.org. Be sure to check the newsletters you receive from these organizations as well.

OEA Retirement Systems Update February 2010

OEA Retirement Systems Update

Report to the OEA Board of Directors: February 2010

HPA Offers Alternative Proposal to STRS Pension Changes

At the STRS Board meeting on Thursday, February 18, 2010, representatives of the Healthcare and Pension Advocates for STRS (HPA) presented the STRS Board with an alternative proposal to a series of pension benefit changes recommended by the Board last year. The STRS Board's plan which makes changes to pension benefits and contribution rates is still pending. All of the changes would require a change in state law, and no legislation has been introduced at this point.

HPA is a coalition of statewide organizations representing employees, employers, and retirees in STRS. OEA Vice President Bill Leibensperger serves as the Co-Chair and spokesperson for the coalition. HPA's deliberations considered potential unintended consequences of the Board's plan and feedback from constituents while keeping in mind the funding goals of the Board's adopted package.

As a result of these deliberations, HPA member organizations agreed via consensus to propose a modified package of changes for consideration by the STRS Board. The proposal calls for changes to the Board's plan in the areas of retirement eligibility, cost-of-living adjustments (COLA), and final average salary. During its January meeting, the OEA Board of Directors voted to support the HPA proposal.

The HPA alternative proposal provides for a phased-in approach to increasing the number of years of service required for full retirement

benefits. In the HPA proposal, the change from 30 to 35 years of required service would be phased in beginning in 2015. This approach eliminates the "eligibility cliff" created by the Board's proposal. The change in retirement eligibility in the Board's plan had been the biggest complaint among OEA's members. Under STRS's plan, those who are close to retirement but narrowly miss the 2015 cutoff would be forced to work five more years. Instead of such a "bright line" test, HPA is suggesting a phase in on the following schedule:

30 years of service until 8/1/15
31 years of service 8/15 through 7/31/17
32 years of service 8/17 through 7/31/19
33 years of service 8/19 through 7/31/21
34 years of service 8/21 through 7/31/23
35 years of service 8/23 and beyond

Additionally, under the HPA proposal, members would have the option of early retirement with 30 years of service but with an actuarial reduction of benefits.

HPA's proposal also calls for an alternative approach to changing the COLA. The STRS Board called for all current retirees and those who retire before 2011 to receive an annual COLA of 2% but all those who retire after that point to receive 1.5%. HPA believes that such a proposal treats future retirees inequitably and would likely lead to a "rush to the door" of retirements. Rather than tier the COLA, HPA prefers a configuration that would provide the same COLA amount—2%, for both current and future retirees—but defer the COLA for 36 months and until the minimum age of 60 for all new retirees.

Additionally, the HPA proposal calls for granting the retirement board authority to adjust the final average salary, allowing the Board to set it at three, four, or five years as necessary based on the funding status of the system.

Changes are necessary to secure the long-term funding of the STRS pension plan. The current actuarial valuation of the plan shows an infinite funding period. This means, given current assumptions, STRS will never be able to pay off its current liabilities. The plan adopted by the STRS Board in September was calculated to reduce the funding period of the STRS pension plan to 33.4 years. HPA representatives have asked that the STRS Board seek an actuarial projection based on the alternative proposal and adopt its changes if the funding period remains under 40 years.

OEA Conducts Member Survey on SERS Health Care

Representatives of the Ohio Education Association are taking part in the SERS Healthcare Preservation Task Force. This Task Force is comprised of stakeholder groups representing active employees, retirees, and employers of the SERS system. The Task Force has

Continued next page.

been asked to provide feedback to the SERS Board on ways to extend the life of the health care program. Investment losses have led to a need for more money going into the pension fund, leaving less available to fund health care benefits. This has resulted in a projected depletion of the SERS health care fund by 2014.

In order to better understand and represent member views in this process, OEA launched a web-based survey of our SERS members on February 4, 2010. To date, over 600 members, mostly active employees, have responded to the survey. Respondents represented a good cross-section of our members who contribute to SERS. It is no surprise that the issue of retirement health care is very important to OEA members. Over 87% of respondents plan on receiving post-retirement health care benefits from SERS.

The survey asked for member attitudes regarding nine potential changes to the SERS health care plan based on options outlined by SERS staff. For the most part, these options are highly unpopular. Over 70% of respondents disagreed with options to greatly increase the annual deductible in the non-Medicare plan; increase medical co-payments; increase drug co-payments; raise premiums on all retirees; or eliminate subsidies for coverage of spouses and dependents.

Of the options listed in the survey, members favored requiring the use of generic drugs when available (70% agreed). On the subject of premium rates, increasing premiums for those with less service time was viewed more preferably than uniform increases for all retirees regardless of their years of service (42% agreed).

The fiscal pressures on retiree health care are enormous. Without question, the SERS Board will have to make decisions to keep the program viable, and these will include increased costs for retirees enrolled in the plans. However, OEA is committed to accurately reflecting the views of our members and encourages SERS to actively engage members, both active and retired, before making decisions about the health care plan.

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OPERS Reduces Allocation to Health Care Fund

On Wednesday, February 17, 2010, the OPERS Board considered a motion to reduce the amount of the 14% employer contribution dedicated towards health care. Because of investment losses, more of this contribution is needed to help pay down the unfunded liability of the pension plan and less is available for funding health care. The rate going towards health care was reduced from 5.5% in 2009 to 5.0% in 2010. Further, OPERS actuaries have developed a schedule to further reduce the health care contribution to 0% by 2015. However, the proposed changes to pension benefits recommended by the OPERS Board (and subject to passage by the legislature) are designed to allow 4% of the employer contribution to be allocated towards health care going forward.

OEA FCPE Endorsements Announced

OEA President Patricia Frost-Brooks announced the OEA FCPE recommendations for Governor, Auditor, Secretary of State, and Treasurer on February 11, 2010. Here is a portion of her announcement to OEA, District, and Local Leaders around the state:

"I am happy to announce that the OEA Fund for Children and Public Education has endorsed the following four statewide candidates for the November 2010 elections:

- *For Governor, Ted Strickland*
- *For Secretary of State, Maryellen O'Shaughnessy*
- *For State Treasurer, Kevin Boyce*
- *For State Auditor, David Pepper*

"These four candidates went through a rigorous screening process that focused on their support for Ohio public education and school funding, their consistent willingness to honor the Association's role in education policy, and their constructive support of collective bargaining.

"OEA gave all candidates for these offices the opportunity to go through the screening process. However, Republican candidates John Kasich (Governor), Jon Husted (Secretary of State), Josh Mandel (Treasurer), and David Yost and Seth Morgan (Auditor) declined our invitation."

OEA Campaign 2010 Goals Announced

Tier I

- Re-elect Governor Ted Strickland
- Maintain a majority of pro-public education representatives in the Ohio House
- Win key statewide races to ensure a majority on the Apportionment Board
 - Auditor
 - Secretary of State
- Elect a pro-public education U.S. Senator

Tier II

- Elect pro-public education members to the State Board of Education
- Increase the number of pro-public education representatives in the Ohio Senate
- Re-elect current Attorney General
- Re-elect current Treasurer
- Maintain pro-public education majority in the U.S. House of Representatives

Tier III

- Elect pro-public education Ohio Supreme Court Justices
- Support additional OEA-endorsed candidates
- Provide support for local school levies

NEOEA to Host OEA-Retired Spring Conference

Join OEA-R members from across the state for a day of information and fun on NEOEA's North Coast. NEOEA is proud to be hosting this year's OEA-R Spring Conference. It will be held Wednesday, May 19, 2010, from 9:30 a.m. to 4:00 p.m. at the NEOEA Conference Center at I-480 and Transportation Blvd. in Garfield Heights. All OEA-R members are invited to attend. Registration cost is \$20. Look for the flyer and registration form with your OEA-R Newslines.

We'll begin our day with a continental breakfast. Be sure to bring some cash to enter our 50/50 raffle. After meeting the OEA officers, you'll be able to attend two of the four breakout sessions: Member Benefits, Personal Computers Made Personal, Legislative Update, or STRS Prescriptions/Healthcare.

During the afternoon, plan on visiting some of the sites on the lake front. "Lolly the Trolley" will drop you off in front of the Science Center.

which will put you within walking distance of the Rock 'n' Roll Hall of Fame, the Submarine USS Cod, The Cleveland Browns Stadium (and the Browns team store), and the Walter G. Mather Ship Museum. Each venue's admission prices are listed on the flyer.

Look for OEA-R & NEA-R Delegate Ballots in the Mail

Ballots will be sent the first week of March. Please take the time to support members from NEOEA as they run for the following positions:

NEA-Retired Delegates: Twenty-three OEA-R members are running for six positions. These NEOEA-R members are running :

Homer O. Adams
Beryl M. Burkle
Sam Collette
William A. Dorsey
Gary Hollow
Rob Letzel
Pat Sharkey
Elaine Spondike
Jené Wilson
Nancy Wonson

**OEA-Retired Advisory Council:
Running for NEOEA Representative:**
Beryl Burkle, Bedford EA-R
Gary Hollow, Bristol ASP-R

The following OEA-R members were unopposed and have been elected to three year terms on the OEA-R Advisory Council: Bob Beers (SWOEA), Jane Rahn (WOEA), Richard Burden (Higher Ed.), and Elaine Spondike (ESP). Bill Sears was elected to a three year term as the OEA-R Representative on the OEA Board of Directors.

Have a Honeybaked Spring Holiday

NEOEA's membership in Best Benefits Club permits members to buy Honeybaked Ham gift certificates and save 12%. (You can check out the menu at www.honeybaked.com.) Two gift certificate denominations are available: \$10.00 gift certificates for \$8.80 and \$25.00 gift certificates for \$22.00. To order or check out the menu, go to their website www.bbcmember.com (password: NEOEA0613) or call the Best Benefits office at 330/273-5756.

Discount Tickets for I-X Indoor Amusement Park

Got Cabin Fever? Gather up the kids and take them to the I-X Indoor Amusement Park between March 26 and April 18, 2010 for some springtime family fun. It is over 20 acres of over 150 rides, games, and attractions for guests of all ages.

NEOEA has arranged discounted tickets for our members. Purchase regular \$19 tickets for \$14 using the new online ordering system. Log on to www.ixamusementpark.com. Go to the GROUP TICKET SALES page. Click on "Corporate Consignment" at \$19 each. Enter the number of tickets being purchased. The \$5 discount will be applied on the next screen when you enter the unique promotion code assigned (NEOEA); click on VERIFY PROMOTION. For additional information call the IX Center at 800-897-3942. Look for the flyer and reservation form at the NEOEA website: www.neoea.org/

Memorial Day Weekend Tour in New York City - May 28-31 Indians vs. Yankees

Our tour to New York City includes one nights lodging in Pennsylvania and two nights lodging in New York City, tickets to the Cleveland Indians vs. New York Yankees game at the new Yankee Stadium. The tour also includes a guided city tour, a stop at Ground Zero, and Chinatown/Little Italy along with free time to do as you wish. Dinner on the way home Monday is also included. For more information, pricing, and logistic details download the flyer and reservation form at the NEOEA website: www.neoea.org/NYC_MemorialDay2010.pdf.

Green Tour at Great Lakes Brewing Company

Join the Environmental Concerns Committee for a "Green Tour" of the Great Lakes Brewing Company located at 2516 Market Avenue, Cleveland, 44113 on Saturday, April 17 from 1:00-2:00 p.m. Plan to have lunch at the brewery after the tour or visit the West Side Market. The Great Lakes Brewing website (www.greatlakesbrewing.com/) makes the case for the company's environmentally and socially conscious practices including:

- Reducing, reusing and recycling
- Changing natural resource use from "Take, Make, Waste" to "Take, Make, Remake"
- Implementing efficient energy practices
- Investing in the community through non-profit organizations
- Supporting sustainable urban renewal projects

Look for the flyer and reservation form at the NEOEA website: www.neoea.org/

NEOEA Day - New York City Tour

Although NEOEA Day (October 15, 2010) seems like a long way off, it will be here before you know it. If you want to be guaranteed tickets for a musical in New York City, now is the time to make your reservation. Look for the flyer and reservation form at the NEOEA website: www.neoea.org/

The October 14-17 New York City tour includes: one nights lodging in Pennsylvania, two nights lodging in New York City, a ticket for one Broadway show ("Million Dollar Quartet," "Memphis," "Wicked," "Jersey Boys," or "The Addams Family"), a guided city tour, admissions for the Empire State Building and dinner on the way home in Pennsylvania. Dinner in New York is optional at the cost of the meal and will be at Carmine's on Broadway & 90th Street.

Summer Travel

For summer 2010, members have a choice of two trips:

- a **Southern Caribbean cruise** with Royal Caribbean Lines leaving San Juan on June 13; information online at www.neoea.org/MemberEd/SouthernCaribbeanNEOEA.html.
- a **National Parks tour** with YMT Tours departing July 17; information online at <http://www.neoea.org/Travel-NationalParkTour.pdf>.

If you have travel opinions to share, go to the survey at <http://tinyurl.com/ltk49>.



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**Cuyahoga County Charter
Transition Underway**

Over one-third of NEOEA members live in Cuyahoga County. In the November election, Cuyahoga County voters overwhelmingly approved a new County Charter. Cuyahoga County will transition from a three county commissioner system to an elected county executive and eleven member county council form of government. Other county offices will be eliminated and/or consolidated under the Charter, which becomes fully effective in January 2011.

The new Charter includes a provision for a Transition Advisory Group. For a good map of the eleven County Council Districts or to monitor the progress of the transition, go to <http://charter.cuyahogacounty.us/>.

For an updated list of candidate filings, go to the Cuyahoga County Board of Elections at <http://boe.cuyahogacounty.us/en-US/candidates.aspx>.

The filing deadline is June 24. Some NEOEA members may see an opportunity to run for a council seat; many of the candidates are local city council members or otherwise active in their community.

**NEA Member Benefits
Website Sweepstakes**

NEA members can register for each Give-Away in the "ENTER TO WIN" area of the NEA Member Benefits website (www.neamb.com) for a chance to win.

- **March 1, 2010 – March 15, 2010: Five \$500 Whirlpool VIPLink Program Credits** - a chance to win one of five \$500 Whirlpool VIPLink Program credits which can be used towards the purchase of hundreds of popular consumer products for your home from recognized brands such as KitchenAid®, Maytag®, Amana®, Whirlpool®, Gladiator®, GarageWorks, and more.
- **March 1, 2010 – April 15, 2010: Five "Spring Ahead" Travel packages** - a chance to win one of five "Spring Ahead" travel packages, each consisting of a \$1,000 gift card from Liberty Travel and an Alamo Two-Day Weekend Car Rental Certificate.
- **April 1, 2010 – April 15, 2010: Three Quicken Financial Software packages to help you with your financial housecleaning** - a chance to win one of three Quicken Financial software packages.

**Get Your
NEOEA News & Views at
www.neoea.org**

NEOEA Calendar

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| March 8 | NEOEA Legislative Dinner, Hilton Garden Inn, Twinsburg |
| April 17 | NEOEA Environmental Concerns Great Lakes Brewery and West Side Market Tour |
| April 24 | NEOEA Representative Assembly, Parma Senior High School |
| April 27
May 7-8 | NEOEA Health Care Summit
OEA Representative Assembly, Columbus |
| May 19 | OEA-R Spring Conference, NEOEA Conference Center |
| May 22 | NEOEA All Committee Conference |
| July 1-6 | NEA Representative Assembly, New Orleans, LA |
| July 21-22 | NEOEA Summer Leadership Conference, Lakeland CC |