



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

As a service to NEOEA-R members, we are reprinting the September Retirement Systems report to the OEA Board of Directors.

For up to date information go to these sources:

OEA website: [www.ohea.org](http://www.ohea.org); STRS website: [www.strsoh.org](http://www.strsoh.org); SERS website: [www.ohsers.org](http://www.ohsers.org); PERS website: [www.opers.org](http://www.opers.org). Be sure to check the newsletters from these organizations as well.

## OEA Retirement Systems Update Report to the OEA Board of Directors: September 2009

### Retirement Systems Present Plans to ORSC

On Wednesday, September 9, 2009, the executive directors of each of Ohio's five public retirement systems presented proposed changes to pension benefits to the Ohio Retirement Study Council (ORSC). ORSC is a body that reviews pension-related policy and makes recommendations to the legislature. The recommended changes are a result of a request by ORSC for the systems to provide board-approved plans for improving the funding status of the retirement systems.

It is important to note that changes proposed to pension benefits or contribution levels require a change in state law. No legislation has been introduced. A bill is expected to be introduced this fall. It remains to be seen what changes such a bill will contain. OEA will continue to work with stakeholder groups, the retirement systems, and legislators to pursue equitable, consensus-based solutions. We will continue to keep members updated and provide opportunities to impact the process.

Below is a brief summary of the changes recommended by STRS, SERS, and OPERS. The presentations made by each of the retirement systems are available on the ORSC website at <http://orsc.org/reports.cfm>

**STRS:** On Tuesday, September 1, 2009, the STRS Board voted unanimously to recommend the following changes:

- Increase employee and employer contributions by 2.5% of pay. Beginning in 2011, employee contributions would increase by .5% each year for five years. Beginning in 2016, employer contributions would increase .5% each year for five years. When fully phased in, employees would contribute 12.5% and employers would contribute 16.5%.
- Beginning in 2015, base final average salary on the five highest years of earnings (currently three highest years).
- Beginning in 2015, members may retire with unreduced benefits with: (1) 35 years of service; (2) age 60 with 30 years of service; or (3) age 65 with 5 years of service. Members would be eligible for early retirement, with an actuarially reduced benefit, at age 55 with 30 years or age 60 with 5 years.

- Beginning in 2015, the benefit calculation would be changed to 2.2% for the first 30 years and 2.5% per year thereafter. This would eliminate the 35-year benefit enhancement.
- Members who are eligible to retire in 2015 under current rules and elect to keep working would receive no less than the benefit calculated under the current formula.
- Beginning in 2011, current retirees would receive a 2% annual cost of living allowance (COLA). Those who retire after that point would receive a 1.5% COLA.

**SERS:** In response to the ORSC request, the SERS Board noted that, according to the last actuarial valuation, SERS currently meets the 30-year funding threshold in statute. However, the last valuation is based on assets and other data from over a year ago. The updated actuarial valuation is expected in November. At that time, most if not all of the current allocation to health care may need to be moved toward funding the pension plan in order to achieve 30-year funding.

The SERS Board voted to recommend changes to the age and service levels for retirement eligibility. The Board also will periodically review the funding status of the plan and make recommendations for future changes to employee and employer contributions or COLA in addition to changes to retiree health care benefits.

The following board-approved changes recommended in age and service would take place in 2015:

- Retirement eligibility with full benefits at age 67 with 10 years of service or age 57 with 30 years of service;
- A member may retire early at age 62 with 10 years of service or age 60 with 25 years of service. However, early retirements are subject to an actuarial reduction from the lesser of age 67 or possible attainment of 30 years of service.

**OPERS:** Included in the OPERS report are suggested changes in purchase of service credit, minimum earnable salary, and disability benefits. Additionally, the Board indicated support for changes to retirement eligibility, COLA, final average salary, and the calculation of benefits. These proposals (outlined below) were included in the report to ORSC; however, the OPERS Board has yet to take a formal vote to recommend them.

- Minimum retirement age of 55 with 32 years of service or age 67 with five years of service.
- Early retirement at age 62 with five years of service or age 57 with 25 years of service (subject to actuarial reduction).
- Benefit formula of 2.2% of final average salary for each of the first 35 years and 2.5% for each year thereafter.
- Calculation of final average salary based on the five highest years of pay.
- COLA based on the annual consumer price index (CPI) not to exceed 3% per year. (continued →)

**OEA's View:** Changes to pension benefits can have a life-altering effect on public employees. Changes of this magnitude should not be considered in a rush. The timeline laid out by ORSC did not allow sufficient time for retirement boards to reach consensus-based solutions with stakeholders. OEA believes that employees, employers, and retirees have a shared responsibility for improving system funding. Changing retirement eligibility rules on those who are in the latter stages of their career is not acceptable. OEA believes employees can be afforded adequate time to plan without compromising system funding.

None of this is to imply a problem does not exist. The severe economic downturn has hit all of the retirement systems hard. As part of our due diligence, OEA engaged an independent actuarial firm to review the financial status of STRS, review proposed changes, and make recommendations. This review indicated that the funding problem confronting STRS is real and severe. Prudent changes will need to be made in order to improve system funding and the security of benefits promised to current and future retirees.

**Call to Action: STRS Board**

OEA does not support the plan approved by the STRS Board. OEA believes that some of the proposed changes go too far and the plan as a whole places a disproportionate burden on active teachers. Under the plan, employees would pay more than the normal cost of a year of service (contributing 12.5% compared to a normal cost of 11.79%)—in essence paying for their entire benefit. Changes in retirement eligibility could be phased in over a longer period of time. Additionally, a tiered COLA benefit causes material equity issues and will lead to a “rush to the door.”

Although OEA has been part of the ongoing discussions with the STRS Board and staff through the Healthcare and Pension Advocates (a coalition which collectively represent all 400,000 stakeholders of the system), individual Board members have indicated that they are swayed by communications from individual members. Please let them know your views. Those Board members endorsed for election by the OEA are marked with an asterisk (\*).

General address that goes to all Board members: [board@strsoh.org](mailto:board@strsoh.org)

\*Mark Meuser: [mmeuser@hotmail.com](mailto:mmeuser@hotmail.com)

\*Conni Ramser: [ramserc@strsoh.org](mailto:ramserc@strsoh.org)

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In the near future we expect to call on members for grassroots efforts with the legislators.

**NEOEA Board Endorses Issue 5 In Cuyahoga County**

The NEOEA Board of Directors, at its October 3rd meeting, voted to support Issue 5 and the “Real Reform” slate of candidates in the November 3 election and to oppose Issue 6.

“Our members are affected by property tax valuations both as taxpayers or employees, so the integrity of county government is important to them,” stated NEOEA’s President, Jeff Pegg. “County government is important to all our members who live or work in Cuyahoga County.”

Pegg noted that NEOEA has nearly 10,000 members living or working in Cuyahoga County, and said that the organization will inform those members immediately about the organization’s recommendation. “This is not a vote to maintain the status quo. We want to see real reform, done in the open by an elected charter review commission, and that’s what Issue 5 promises for all those who live and work in Cuyahoga County.”

**2010 OEA-Retired Spring Conference**

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. Mark your calendars. Please note the change of date; it was previously reported as May 20.

The tentative schedule includes two break-out sessions covering: STRS Investments, Using Today’s Technology, STRS Prescriptions/ Healthcare, and a Legislative Update. After lunch the attendees will take “Lolly the Trolley”

to the lakefront to visit at the Rock and Roll Hall of Fame, the Submarine USS Cod, the Cleveland Browns Stadium (and the Browns team store), the Great Lakes Science Center, and the Walter G. Mather Ship Museum.

**2009 OEA Retired Fall Conference**

This year’s OEA-R Fall Conference was held Thursday, September 24, 2009, at the STRS Building in Columbus. Thanks to the following NEOEA-R members attended the OEA-R Conference: Homer Adams, Denise Bartholomew, George Bates, Bill Dorsey, Pat Felder, Pat Hall-Miller, Hank Haynes, Warren Hersberger, Gary Hollow, Dennis Lewis, Pat Post, Pat Sharkey, Elaine Spondike, and Nancy Wonson.

**NEOEA at 140 Years**

by Bill Lavezzi, NEOEA Executive Director

November 13 was a Saturday in 1869, and on that date an assortment of superintendents and other educators from northeastern Ohio schools met at the Weddell House, one of Cleveland’s finer hotels, and agreed that it was time to create an organization to promote public education and the preparation of teachers. The group that resulted from that meeting, the North Eastern Ohio Teachers Association, held its first meeting in December.

The organization that we belong to today would hardly be recognizable to those founders. A bylaws amendment in 1989 changed the organization’s name to its present one, but superintendents and other administrators had had largely left OEA and its affiliates twenty years before that. The founders created an organization centered around K-12 education, but we now include preK-12 and higher education members, as well as entities that didn’t even exist 140 years ago: boards of developmental disabilities, career centers, and educational service centers. They would probably be surprised that our membership includes so many employment categories besides teachers.

What they would probably recognize, however, is the organization’s unwavering dedication to public education and to the professionalism of school employees. In their own time, they, too, were working to build great public schools for every learner!

### OEA-R Delegates to be Elected

In October 2009, OEA-R members will elect delegates and alternates to the OEA RA.

Delegates are expected to attend both the Fall and Spring Representative Assemblies of OEA and their District Association. The day before each OEA RA there is a delegate briefing with the OEA officers and discussion with members of the OEA-R Advisory Council.

**Ballots are being mailed. Please mark and return your ballots promptly.** Do not void your ballot by voting for more than the allowed number of candidates. If you have not received your ballot by October 15, please call Becky Slaughter at (800) 282-1500.

FYI—Here are NEOEA-R members who will appear on the ballot:

- Denise Bartholomew
- George Bates
- Beryl Burkle
- Sam Collette
- Dennis Cook
- Bob Dengler
- Bill Dorsey
- Hazel Haffner
- Hank Haynes
- Norm Hillstrom
- Gary Hollow
- Pat Sharkey

Here is the 2008-09 NEOEA-R delegation and a listing of their attendance at the RAs:

Fall		Spring		
NE	OEA	NE	OEA	
■	●	□	●	Homer Adams
■	●	■	●	Denise Bartholomew
□	○	□	○	George Bates
□	○	□	○	Sam Collette
□	●	■	●	Dennis Cook
□	○	□	●	Bob Dengler
■	●	□	●	Bill Dorsey
■	●	□	●	Patricia Felder
■	●	■	●	Hazel Haffner
■	●	■	●	Hank Haynes
■	●	■	●	Gary Hollow
■	●	■	●	Rob Letzel
■	○	■	●	Pat Sharkey
■	●	□	●	Elaine Spondike
■	●	■	●	Nancy Wonson

- attended NEOEA (Credentials records)
- attended OEA (Voting Printout)
- × data not available

### Board of Directors Approves New Travel Opportunities

In January 2008, the NEOEA Board of Directors created a special committee to investigate the possibility of NEOEA's offering an international trip. A committee was appointed at that time, continued through 2008-09, and continues for 2009-10.

During its short life, the committee has heard from many members about their interests in travel and broadened its interest to include domestic travel opportunities. It received its largest single contribution of member input in January, when NEOEA sent its first-ever email "blast" to some 25,000 members inviting them to participate in a travel survey.

Members of the committee for 2009-10 are: André Taylor (Twinsburg EA), Chairperson Barb Catalano (Mayfield EA) Nanci DiBianca (Cuyahoga Heights A of T) Christine Domhoff (YSU-ACE) Roger Frei (Mentor TA-retired) Sally Schuler (Olmsted Falls EA) Jürgen von Tresckow (PATMR) Nancy Wonson (Lakewood TA-retired)

In summer 2009, members had a choice between two trips: one to Italy and another to Alaska.

For summer 2010, members again have a choice between 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](http://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>.

And that survey? It's still online! If you have travel opinions to share, go to the survey at <http://tinyurl.com/ltck49>.

### Board of Directors Approves Dollar Bank Member Benefit

At its meeting on August 15, the Board of Directors approved Dollar Bank as an Authorized Member Provider of banking services for NEOEA members. Dollar Bank has branches in several NEOEA counties, including Cuya-

hoga, Lake, Lorain, and Summit; and our Pennsylvania border counties. Look for information about Dollar Bank's services to NEOEA members in the next *News and Views*, available on the NEOEA website.

### 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](http://www.neamb.com)) for a chance to win.

- October 1 -15, 2009: There is Such a Thing as a Free Lunch! - lunch for 25 colleagues (including yourself) - courtesy of Subway®
- October 16 -31, 2009: Just in Time for Thanksgiving Travel! - one of ten \$200 Shell Gas Cards
- November 1 -15, 2009: Gear up for Cooler Temperatures! - one of ten \$150 L.L. Bean Gift Cards
- November 16 -30, 2009: Curl Up with a Good Book (or CD or DVD) - one of fifteen \$100 Barnes & Noble Gift Cards.

### SERS Premium Discount Program.

School Employees Retirement System recently mailed information about premiums and health care plan design for 2010. Also included in the mailing was an application for the Premium Discount program.

This program can reduce qualified benefit recipients' health insurance premiums by 25%. To qualify gross household income (minus Medicare B reimbursement) for benefit recipient and spouse must be at or below the Federal Poverty Level for the family size. School Employees Retirement System will subtract 2010 health insurance premiums from the gross household income to determine the benefit recipients' qualifying income level.

### Reports on the OEA-R Web Page

Keep informed. Go to the OEA site [www.ohea.org](http://www.ohea.org), then click on "OEA-R" along the left side. There you can read various OEA Retirement Systems Updates, STRS Board Meeting Reports, OEA-R *Newline* newsletters, and more.



North Eastern Ohio Education Association  
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Garfield Heights, Ohio 44125-5330

**NEOEA-R Organizing Committee**

- Gary Hollow, Chairperson
- Hazel Haffner, Vice-Chair
- Elaine Spondike, Secretary
- Nancy Wonson, Board Liaison
- Homer Adams
- Denise Bartholomew
- Dennis Cook
- Lyn Curry-Huston
- Robert Dengler
- Carol Dolgosh
- Martha Dunford
- Hank Haynes
- Norm Hillstrom
- Nancy Javorek
- Richard Javorek
- Dennis Lewis
- Tim Matheson
- U. R. Neal
- Patricia Sharkey
- Jené Wilson

**Editorial Board:**

- Hank Haynes
- Gary Hollow
- Bill Lavezzi
- Nancy Wonson

**Fall Color Hike**

Join the NEOEA Environmental Concerns Committee for the first hike in our annual series on Saturday, October 10, 2009, as we enjoy the fall colors of Geauga County on the trails of Big Creek Park, 9160 Robinson Road, Chardon Township. The hike will cover several miles and will take about two hours starting at 10:00 a.m. Just show up; you can find directions to the park online at [www.geaugaparkdistrict.org](http://www.geaugaparkdistrict.org).

**NEOEA Day Opportunities**

For a complete listing of events see the NEOEA Day 2009 *News and Views* on the website. Although many deadlines are passed, call the workshop chairperson and check; openings do occur.

The **New York City tour**, October 15-18, 2009, includes: one night's lodging in Pennsylvania, two night's lodging in New York City, a ticket for one Broadway Show ("West Side Story," "9 to 5," "In the Heights," or "Jersey Boys"), 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 and 90th Street or Da Rosina Ristorante on 46th Street in Midtown. Also available is a side trip to the Statute of Liberty and Ellis Island. Call Dave Baker at 330/799-3853 for availability.

**Cleveland History Behind the Scenes** tour, October, 16, 2009, 8:00 a.m. - 5:00 p.m. Learn about Cleveland's rich history by visiting behind-the-scenes locations. Cleveland has been preserving its rich heritage for years, and now you have an opportunity to visit some of our proudest places. Join our local historian in a memorable look at Cleveland. We plan to visit the NASA Research Center, Playhouse Square, the *Plain Dealer* production facility, Cleveland City Hall, Case Western Reserve University, Humphrey Company, Malley's Chocolates, and Custom Mailboxes. Tour features: Guided tour with local historian. Lunch included. Call Chip Cicolletti at 216/531-8884 for availability.

**NEOEA Calendar**

- October 10** NEOEA Environmental Concerns - Fall Color Nature Hike
- October 15-18** NEOEA Day Trip to New York City

- October 16** NEOEA Day Workshops
- October 24** NEOEA Negotiations Conference West
- November 7** NEOEA Representative Assembly, Austintown HS
- November 14** NEOEA Negotiations Conference East
- December 5** OEA Representative Assembly, Columbus
- January 30** NEOEA Environmental Concerns Cross Country Ski
- February 27** NEOEA Megaconference
- March 8** NEOEA Legislative Dinner
- April 17** NEOEA Environmental Concerns Great Lakes Brewery and West Side Market Tour
- April 24** NEOEA Representative Assembly, TBA
- April 27** NEOEA Health Care Summit
- May 7-8** OEA Representative Assembly, Columbus
- May 19** OEA-R Spring Conference, NEOEA Conference Center
- May 22** NEOEA All Committee Conference

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[www.neoea.org](http://www.neoea.org)**