

**OEA Retirement Systems Update**  
**Report to the OEA Board of Directors: May 2019**

**Please distribute to other OEA members**

**STRS Board Considering Revisions of Funding Policy**

At its April 2019 meeting, the STRS Board continued to discuss possible revisions to its funding policy. The purpose of the policy is to state objectives for funding the system and lay out criteria for making decisions regarding changes to the funding and benefits and when those changes should be considered by the Board.

Board members discussed the policy objective of “100% funding.” OEA supports a revision to the Board policy that would call for Board consideration of changes to the plan that do not materially impact the fiscal integrity of the system at 85% funding or greater.

STRS is currently 77% funded. Keeping pension benefits secure for the long term is in the interests of OEA members and this has required shared sacrifice. Active teachers have had to work longer, contribute more and see formula reductions, while retired teachers have been dealing with a frozen cost-of-living adjustments and rising health care costs. However, as financial conditions improve, OEA supports restoration of COLA benefits as well as a reduction in the employee contribution rate.

OEA, in collaboration with the Health Care and Pension Advocates (HPA), has urged the STRS Board to establish a plan with clear financial guideposts for restoring benefits. OEA believes that consideration of changes at the 85% funding level is measured and appropriate. Current projections by STRS staff would have the system 100% funded in 2034 (meeting all assumptions) and reaching the 85% funding level in 2027.

**SERS Names New Government Relations Officer**

After serving 20 years with SERS as the Government Relations officer, Laurel Johnson retired effective April 30, 2019. In her role, she was instrumental in providing information and promoting collaboration between SERS and stakeholder groups such as OEA.

SERS has announced Chris Collins as the new Government Relations Officer. Collins has previously served as a member of the Government Relations department at OPERS and prior to that position he was the Legislative Director for the Service Employees International Union (SEIU) Ohio State Council.

**OPERS Releases Actuarial Valuation Results**

At the OPERS Board meeting on April 17, 2019, representatives of the Board’s actuarial firm presented the preliminary results of the annual actuarial valuation of the pension plan. The results indicate a funding period of 27 years (the amount of time projected to pay off the unfunded liabilities of the system). The funded ratio of the system is 78%, down from 81% last year. This is a result of reduction in the assumed rate of return (7.2% from 7.5%) and actual investment returns of -2.97% during the calendar year. Investment returns (gains and losses) are smoothed over a four-year period so approximately \$2.9 billion of this loss will be recognized in future years.