



The OEA will lead the way for continuous improvement of public education while advocating for members and the learners they serve.

March 16, 2023

Dear OEA Member,

I wanted to take the time to send you a message to set the record straight on STRS and news you may have heard about its holdings that were lost when the Silicon Valley Bank (SVB) collapsed.

It is true that STRS held \$27.2 million worth of shares in SVB, and it is likely that the value of the investment will be zero because of the collapse of the bank. I think it's important to note that the statements you may have heard or emails you may have received from groups critical of STRS bend the facts and do not tell the whole story. These same groups intend to disseminate their view of STRS, and their strategy seems to be relentless criticism of STRS staff in an explicit attempt to drive them out. The fact of the matter is that as these groups continue their campaign to discredit STRS and its staff, they have not offered any solutions that will result in restoration of the COLA, improve the benefits for all STRS members, or that protect the long-term solvency of our retirement fund.

Please consider these facts:

- SVB was the 16th largest bank in the nation and was a component of the S&P 500—in other words, it was not seen by investment professionals as a risky investment. Even the Motley Fool investment service, which has over 500,000 subscribers and has tripled the S&P 500 over the last 20 years, listed SVB as part of its recommendation. **STRS did not make an exotic or overly risky investment.**
- **SVB's value was 0.03% percent of STRS's overall investment portfolio.** Losses are always something to avoid, but SVB's collapse will not put anyone's pension at risk.
- When investing in the markets, any money manager will take losses as well as gains. STRS has had more gains than losses—the **Auditor of State and the Ohio Retirement Study Council (ORSC) have both acknowledged that STRS investment returns are in the top 25% of pension funds in the U.S.** In light of this information, it is simply false for ORTA to assert that STRS is mismanaged or that the investments are the reason that the COLA was suspended.
- The STRS Board acted on the direction of the legislature and Governor Kasich in 2011 to develop a plan to bring solvency to STRS. **Governor Kasich mandated to the STRS Board that additional employer contributions were off the table in that effort, which meant that the cost of pension reform was placed solely on the backs of the system's participants.** STRS had roughly half the assets needed to pay the pension benefits under the law. At the time, STRS was in a death spiral and the solvency of the fund was at risk.
- In 2013, the STRS board suspended the COLA because their **actuary certified that doing so was necessary to maintain the fiscal integrity of the pension.**

In short, STRS has produced top 25% investment performance and has made the investment return set by the board over the past 20 years. It is reasonable to ask how STRS could have results like that but still need to make

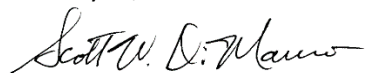


changes. In fact, one member of the board did ask their actuary that very question. The answer was that STRS pays nearly \$4 billion more in benefits than it receives in contributions. In other words, the pensions paid out to retirees outstrip the contributions made by active teachers and their employers. Investments must make up the gap. The truth of the matter is that the Ohio General Assembly isn't properly funding Ohio's public pension benefits.

We believe **ALL** educators deserve the ability to retire with financial security. We know that strong pensions provide a predictable, guaranteed benefit for educators when they retire. That is why OEA continues to advocate for policies and support STRS board members who have the best interests of members in mind and who ensure financial security of the system. In 2023, OEA has recommended OEA member Arthur Lard for re-election to the STRS Board because he has and will continue to fight for the financial security of our pensions and, as a teacher and OEA member, he can be trusted to have the best interests of educators in mind. To find out more information about Arthur Lard, please go to OEA's STRS Campaign [website](#).

I hope this message helps clarify this important issue. Please email pensions@ohea.org if you have any further questions about this or other issues related to retirement and pension security.

Thank you,

A handwritten signature in black ink that reads "Scott W. DiMauro". The signature is written in a cursive, flowing style.

Scott DiMauro
President