



OHIO RETIRED TEACHERS ASSOCIATION

December 15, 2016

STRS Board Members:

As retired teachers, we have carefully observed the discussions the STRS Board and staff have presented in recent months concerning both the pension and health care programs. We appreciate the dedication and professional attention to detail both the staff and Board give the retirement system. We recognize this is no easy task and want first to acknowledge this long-standing commitment.

That being said, we need to express concerns about some of the possible options proposed recently for “shoring up” the system in 2017. A few years ago, the Board completed a major overhaul to improve the long term solvency of the entire retirement system. This included changes in eligibility and the process of determining pension amounts as well as a temporary suspension of the COLA (cost of living adjustment) for recipients.

Those changes, though necessary, were received with great anxiety by those you serve, both active and retired teachers. As you are no doubt aware—and have acknowledged several times—our organization was an indispensable partner in “selling” these dramatic changes to retired educators across the state. Our Board members, Executive Director and chapter presidents campaigned around the state to answer questions, allay fears and assure members that STRS was in fact moving in the right direction. Our organization serves as the “eyes and ears” of 21,000 Ohio retired educators and it is a responsibility we take seriously.

As we understand it, the STRS Board is again considering more cuts that could hurt retirees. While we recognize the STRS Board is dealing with some challenging times and that the entire process of actuarial determination is uncertain, we are concerned that the STRS may be too hasty in the current deliberation. For example, less than a month ago, investment advisors were making dire predictions about stock investments for 2016. The past two months, the market is being seized by a runaway bull and will likely finish with all-time highs for the year.

Principal among our concerns is the consideration to once again suspend, postpone or eliminate the COLA for retirees. While this may seem like an easy fix for underperformance in other financial planning areas, it is a change that places undue burden upon those least able to endure it. The COLA is quite small—only 2% at present—but that minor increase is critical to retirees on a fixed income, especially those who retired with small pensions. While general inflation has been quite low the



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last few years, many costs for seniors, such as health care and housing, are rising at a much faster rate, making any COLA increase all the more critical.

As you are wrestling with which steps to take with the fund, we wanted to make sure you understand our position, representing Ohio retired educators. When the STRS Board voted in 2014 to eliminate the COLA for retirees—along with other changes in the system--the commitment was made to reinstate the COLA after one year. With that commitment, ORTA supported STRS efforts and campaigned to get acquiescence, if not acceptance, from retirees across the state. The STRS Board in turn made good on this commitment.

We advise the Board to study carefully **all** possible avenues to solvency and only consider postponing the COLA as a last resort. First, consideration needs to be given to those retirees whose pension is quite small and on whom any cessation would wreak the greatest hardship. Second, if any change in the COLA status is deemed necessary, it is imperative that any decrease or cessation needs to be temporary.

If the STRS Board chooses to ignore our advice and enact changes to the COLA which will negatively impact our members long term, ORTA will not support any such recommendations. We will not support a COLA cessation.

We are grateful for your willingness to listen to our concerns and look forward to working together as a partner in keeping the retirement system for educators one of the finest in the country. Our organization will be anxiously watching the next steps of the STRS Board.

If STRS Board members have questions or desire further clarification, please feel free to contact us.

Carol Remington, President
Dr. Randy Overbeck, President-elect
Darlene Ruzicka, Past President
Dave Gynn, Eastern Area Vice-President
Gale Adkins, Western Area Vice-President