

Insight From the Administrator

By William I Winegarner



Many of our members have expressed their concerns about the financial status and political attacks on our Ohio pension systems.

In order to properly address these concerns, I want to give you an overview of Ohio's pensions. That way, when we discuss issues, we can all have a similar perspective.

The Ohio Revised Code (ORC) establishes the existence of all five of Ohio's public pension systems and the rules under which they operate.*

The Ohio General Assembly (OGA) oversees the pension systems' boards compliance to the rules. From time to time, the OGA will make changes to the pension rules as financial conditions dictate.

From a member and retiree perspective, one of the major rules of interest is that *"The board[s] shall have full power to invest the funds. The board[s] and other fiduciaries shall discharge their duties with respect to the funds solely in the interest of the participants and beneficiaries; for the exclusive purpose of providing benefits to participants and their beneficiaries."*

From a pension system board perspective, one of the major compliance rules comes under the *"Actuarial Valuation of Pension Assets, Liabilities, and Funding Requirements"* clause, specifically section (D)(4): *"A statement of the financial impact of the legislation, including the resulting increase, if any, in the employer normal cost percentage; the increase, if any, in actuarial accrued liabilities; and the per cent of payroll that would be required to amortize the increase in actuarial accrued liabilities as a level per cent of covered payroll for all active members over a period not to exceed thirty years."*

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The Legislative Report

By Steve Buehrer, Esq.



On January the 3rd of 2017, the newly elected members of the Ohio House and Senate gathered in Columbus to convene the 132nd General Assembly. Comprised of 99 members of the House

and 33 members in the Senate, these legislators have hit the ground running with the election of new officers and the introduction of new pieces of legislation.

As you may know, Ohio's General Assembly operates in a two year cycle which means that any legislation introduced must reach full completion within that period. For the last two years, any bill that did not make its way through both chambers of the legislature prior to December 31, 2016 was considered "dead" and had to be reintroduced and begin the process all over again.

Although a number of bills were of interest to Protect Ohio Pensions during the last two years, no new bills have been introduced in the early months of this general assembly which impact the core mission of our organization. Despite this fact, we will remain vigilant for the type of legislation that can hinder the successful operations of Ohio's retirement systems or would be

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RETIRES & CURRENT EMPLOYEES SUPPORTING EACH OTHER

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Stated in simpler terms, whatever the legislation promises in the way of benefits, the pension systems need to have enough money to pay off that debt in 30 years or less. If they don't, and it doesn't look like they have a realistic way of accomplishing it, then the law must be change to reduce the benefits.

An important fact for retirees and members to understand is that Ohio's retirement systems are not an endless supplier of money. Their resources only come from worker & employer contributions, and return on investments. The first two provide the smallest percentage of their net worth.

Actuaries (professional forecasters) make recommendations to the pension boards, and they in-turn to the legislature, on what level of benefits can be provided to each retiree. Some of these are reasonably permanent (the base pension), others semi-permanent (COLAS), and others very flexible (health care or spousal benefits).

So there are the basics.

Now, what can a retiree or worker do to protect and preserve their interests, and to make sure they have the strongest voice in what happens to their pension and benefits? One is to be represented at their pension system. The other is to make sure they have a financially sound pension system, and the most diverse and best representation possible before the Ohio General Assembly.

As most of you know, individual retiree associations were established to be sources of system-specific information and voices for their members before their particular pension system board.

And, as you have learned, Protect Ohio Pensions was established to ensure Ohio's pension systems have the broadest and best representation possible to continue being able to provide defined-benefit pension plans, and to invest solely in the interest of their members and beneficiaries, without political interference.

Now, are there areas of legislative overlap between retiree associations and the retiree and worker association Protect Ohio Pensions, Inc.? Of course, but

each has a specific area of expertise.

Retiree associations are to observe the operation of their pension system, and inform and advocate for economically-sound benefits for their members.

Protect Ohio Pension is to inform its members about, and advocate for the continuation of defined-benefit pension plans and against political interference with pension board investment decisions.

In those areas where there is overlap, we should be joyfully working together for the benefit of our members, pension systems, and the state of Ohio.

*ORC Chapters 145:OPERS; 742:OP&F; 3307:STRS; 3309:SERS; 5505:OHWP



Great Explanation

In the first quarter 2017 PERI Newsletter, their CEO, Geoff Hetrick, had a great explanation of the attacks on defined benefit pension plans.

We want to share the defined-benefit section of his article so our members, who are not also members of Public Employee Retirees, Inc. (PERI), could continue developing a better picture of the problems our pension systems face.

"The people behind this effort [the effort to eliminate defined benefit pension plans] are convinced public sector defined benefits plans such as OPERS are a threat to taxpayers.

Why? Many plans such as Chicago's Police and Fire Pension Systems are underfunded and for all intents and purposes insolvent. They fear this could lead to massive bailouts costing taxpayers billions of dollars.

Those opposed to defined benefits plans see this as an opportunity to paint every public "DB" pension system as broken and ripe for reform.

One successful tactic they've used requires [required] a change in accounting practices that understates the actual solvency of a system thus creating the illusion it is underfunded and in crisis."

Mr. Hetrick further suggested researching online the Laura and John Arnold Foundation, the Pew Charitable Trust, and other items such as: the elimination of public pension systems.



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a threat to the defined benefit pension systems that so many rely upon.

You may recall that during the last session the legislature considered House Joint Resolution 6 which would have added a new section of the Constitution prohibiting state agencies and the five retirement systems from investing in companies doing business in certain countries that were deemed to be supporting terrorism. Although this resolution was aimed at Iran, other countries over the years have been targets of similar resolutions and proposed prohibitions.

POP will continue to monitor and oppose any such legislation going forward that will seek to further political or social agendas to the detriment of the investing capacity of the retirement funds.

The boards of the pension funds and their investment teams have a fiduciary responsibility to take actions that further the objectives of the retirement systems and their members. To be subjected to political and social whims of the times would be a hindrance and violation of the duty to act on the best course for the membership. As bills like this one emerge in the new general assembly, we will be prepared to take action to defeat these measures.

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Additionally, with the beginning of a new Congress and a new administration in Washington DC, a flurry of activities and ideas will be put forth at the national level. As we are all well aware, certain advocacy organizations continue to question and challenge the validity of defined benefit retirement systems. Not only do we need to watch these activities and follow the discussion, we need to be prepared to take action.

As POP's membership continues to grow, we will be in an even stronger position to launch letters, calls and other steps to oppose any legislation that would undermine state and local control of successful defined benefit pension systems.

Your membership gives us the clout we need in talking with legislators and government leaders at all levels about the need for strong and stable retirement systems like the ones in place in Ohio. Stories of management mishaps by a few isolated systems around the country cannot be allowed to change the great work and positive benefits of Ohio's defined benefit pension plans.

Fortunately, POP is not alone in this fight. Working with the pension systems leadership and key pension advocates representing many organizations, we will continue to spread our influence as well as grow relationships that will help in this fight. When thousands of voices join in carrying the message, our voices will be heard.

Each day, the leadership team at POP is seeking new opportunities to reach out and partner with groups that share our views and are willing to aid in taking action to support defined benefit pension systems.

With the Ohio General Assembly busy completing the budget bills that provide the funding for state government as well as considering other legislation, we will continue to monitor any new proposals that could hinder the efficient management or the fundamental purpose of the pension systems.

Economic conditions will change and political winds will blow, but the pension systems in our state have stood the test of time. That is the message that POP will carry to our elected representatives. It is a message we hope you will continue to carry in your own community as well. We look forward to continuing the fight for you and with you.



POP 5 Membership is Growing

POP5 began reaching out for members in August of 2016. Since then it has grown at the rate of 1,300 members per month, with 3,335 of them selecting the Lifetime member option. We now have retiree members from OPERS, STRS, SERS, and OP&F and will be reaching out to OP&F and OHPRA retirees by this summer. Beginning this fall we will begin contacting the current workers of our Ohio pension systems.

OPERS Representative



Mr. Edward J. Ciecka (Ed), from Maumee, Ohio, has joined the POP5 Board of Trustees.

Mr. Ciecka (Sea-ka) brings a wealth of leadership experience to our board.

He has been a supervisor and planner for the Toledo Regional Transit Authority, a county administrator for the Lucas County Commissioners, city administrator for the city of Rossford, Ohio, and the interim village administrator for the village of Swanton Ohio.

His professional affiliations include the International City/County Management Association (ICMA) and the Ohio City/County Management Association (OCMA) where he has served as Treasurer, Board member and Senior Advisor.

Mr. Ciecka is a Political Science graduate of DePaul University and a Public Administration graduate of the University of Toledo, where he earned his master's degree.

Ed and his wife Deborah are both OPERS retirees and have 3 children and 6 grandchildren.

POP5 MEETS WITH SCRTA

On April 11, 2017, POP's executive director met with the executive board of the Summit County Retired Teachers Association.

The meeting was an opportunity to talk with each other and answer questions about POP5. Since other groups have had similar questions we thought all members could benefit from their questions and Mr. Winegarner's answers.

1. How is what POP5 does different than what a pension system and a retiree association does?
 - A: Retirement systems invest the deposits received from workers and employers. They then provide contributors with a pension and benefit package, based on the results of their investment earnings and the limitations placed on them by the Ohio Revised Code.

Retiree associations concentrate their efforts on insuring the proper and ethical internal operation of a pension system and on securing the best economically-responsible benefits they can for their members.

POP5 provides you with an avenue to join with the retirees and worker members of the other four pension systems in an effort to preserve Ohio's defined benefit pension plans for yourselves as well as current and future workers, and on keeping politicians from trying to manipulate pension investments in any of the five funds to further a personal political agenda.

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Q. What makes your group unique?

A: POP 5 is the only association structurally set up for current workers and retirees from all five of Ohio's public pension systems.

POP5 does not deal with any issues other than standing behind all pension systems' efforts to preserve Ohio's defined benefit pension plans and preventing legislative interference in their investment decisions.

POP5's legislative council, Carpenter Lipps and Leland, LLP is a politically balanced firm with offices in Columbus, Chicago, New York, and Washington DC. David Leland is a former head of the Ohio Democrat party, and is currently in the Ohio House of Representatives. Our specific council, Steve Buehrer, is a former Republican member of the Ohio House and Senate, and a past Director of Ohio Worker's Compensation.

Q. Where do you obtain your information?

A. From Gongwer News Service, National Institute on Retirement Study, National Conference on Public Employee Retirement Systems, all Ohio newspapers, input and observations from members, our legislative Council's networks and contacts at the Statehouse, other concerned lobbyist, and the government relations teams at the various pension systems.



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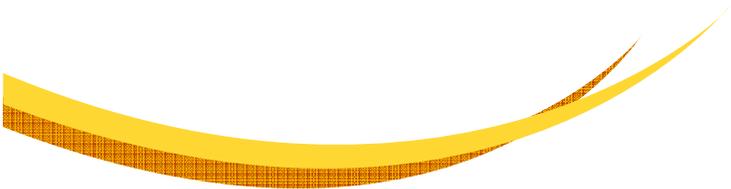


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