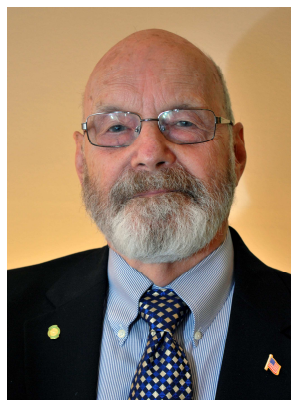


Insight From the Administrator

By William I Winegarner



So, What's the Solution?

Before one can find a solution, he, or she, needs to be able to accurately identify a problem.

When you joined Protect Ohio Pensions, you became a participant in the solution business. In this article, I will do my best to explain and clarify the major problem we face.

In Ohio, we have one of the best, if not the best, established, operated, and funded public pension systems in the country. This is not true in the majority of other states; consequently, Ohio suffers because it is too often improperly lumped together with the defined benefit pension problems in the others states.

For an overview, I would like to share some excerpts from an Investopedia article entitled: **The Demise of the Defined-Benefit Plan**, by James E. McWhinney,

"There once was a time when, after 25 or 30 years of working diligently for your employer, you could expect to be rewarded for your loyalty and hard work with a gold watch and a steady stream of checks lasting the length of your retirement. But if current trends continue, those steady checks - which came courtesy of a defined-benefit plan - will soon be a thing of the past."

From the employee's perspective, the beauty of a defined-benefit plan is that the employer helps fund the plan, their pension system manages the investments, and the employee can predict how much money they will receive each month during retirement.

"Of course, there are always two sides to every story. From an employer's perspective, defined-benefit plans are an ongoing liability. Under the current system, employers predict the amount of money that they will need to meet their obligations to retirees, but they don't always fully fund the plans [This is not true in Ohio, even though it is in many other states.] If the plans are not properly funded, the money isn't there when it's needed and government is expected to bail out the plans, shifting the burden to taxpayers."

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The Legislative Report

By Steve Buehrer, Esq.



Representing Your Interest

Understanding the pattern and visualizing the scope of an activity are often the keys to winning a game or bring success in life's endeavors.

From childhood, we are taught to look for patterns, sort by similarities or differences and figure out the strategies and routines to accomplish our goals.

Working around the Statehouse, following legislative action and trying to predict possible next steps requires those same skills.

Finding the patterns is applicable whether one is simply following bills or trying to ascertain the actions legislators may take when issues arise in the General Assembly.

In the pension arena, it is important for us to find out how legislators might vote if an attack on defined-benefit retirement commenced.

In order to find the pattern and solve this puzzle, it helps to look for influencing factors. For example:

- Some members are deeply influenced by a philosophy of economics or government.
- A free market oriented legislator is more likely to favor a defined-contribution retirement system because the "free market"

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RETIREES & CURRENT EMPLOYEES SUPPORTING EACH OTHER

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Unlike a defined-benefit plan, where the employee knows exactly what his or her benefits will be upon retirement, the only certainty in a defined-contribution plan is the amount contributed, one's skill in selecting investments, and the status of the stock market on their date of retirement.

The key points in Mr. McWhinney's article are:

- if current trends continue defined-benefit plans will soon be a thing of the past.
- employees can predict what they will receive in retirement
- defined benefit plans are an ongoing liability to the provider
- when defined benefit plans are not fully funded the burden falls on the taxpayers,
- defined-contribution plans can leave employees with little or nothing for retirement.

This article contained no reference to the effects on retirees when an ongoing pension system switches plan types and the continuing defined-benefit contribution flow ceases.

I remember a quote attributed to the great Indiana basketball coach, Bobby Knight. In it, he said, "It is not the team that has a desire to win that wins, but rather the team that has the desire to prepare to win that wins."

Preparing to win is the whole basis upon which Protect Ohio's Pension, Inc. was established. Our task is to identify the attack and attackers, learn their strategies and develop solutions to counteract their push for pension plan change among members of the Ohio General Assembly.

The following is a very brief history of the problem. The nationwide effort to eliminate all defined benefit pension plans was first publicly acknowledged in the May 14, 2001

Insight continued from left column:

issue of The Nation newsletter, in which the contributing editor, Robert Dreyfuss, wrote the following after listening to a speech by Grover Norquist, founder and president of Americans for Tax Reform:

There's the matter of all those state and local pension plans. State by state, he [Norquist] is planning to launch a campaign to dismantle and privatize state pension plans and their trillions of dollars of public funds held as investments for retirees. "Just 115 people control \$1 trillion in these funds," he [Norquist] says. "We want to take that power and destroy it."

His plan has basically worked this way. Search out poorly run or financed private employer plans that are in financial trouble. Expose their problems in a public forum. Reference all similar type of plans in the articles. Generally apply the troubles of the ailing plans to all similar plans, and conclude with the argument that all defined-benefit plans are unworkable.

In executing this type of approach, Mr. Norquist and his followers have eliminated most of the private employer defined-benefit plans in the country, switching them over to a 401K (individual) types of plans. These plans are also known as defined-contribution plans.

The folks behind this effort have now moved onto eliminating the public sector defined-benefit pension plans, like ours here in Ohio.

Their strategy is to work on the public, so they will, in turn, work on their legislators.

They begin with a series of negative newspaper articles about Ohio's public pension plans,

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Legislative Report continued from page 1:

would establish one's retirement amount, and not a defined-benefit formula guarantee.

- Other legislators are heavily influenced by the views of constituents. They often lean on personal contacts, trusted individuals, experts in a field and other legislators as well as phone calls and emails from their district.
- Finally, a legislator's own experience with a topic such as pensions can play a defining role in how they might vote.

Our role as legislative counsel for POP is to be constantly in tune with this ever-changing landscape so that an appropriate strategy such as utilizing experts in a particular field or a grass root effort can quickly be devised to influence legislators' decisions as issues arise.

Our goal is to ensure that legislators understand the value of Ohio's defined-benefit pension plans to taxpayers, retirees and local economies.

On a new topic, Ohio's legislative business is conducted in two year blocks of time known as "General Assemblies".

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Board Secretary Appointed

Nancy B. King received her B.A. degree from the University of Massachusetts, Boston in 1975 and her

Juris Doctor from Cleveland State University, Cleveland Marshall College of Law in 1980.

She has been a member of the Ohio Bar since 1980 and was a trial attorney.

Ms. King was employed by the Franklin County Public Defender Office as a staff attorney and then unit chief of the Juvenile Unit for 35 years. She is an OPERS retiree and a member of and PERI and POP5.

Nancy's husband, Eugene King, is an attorney who served as the Director of the Ohio Poverty Law Center.

Her daughter, Caroline King Willson and her husband, Bill, and children Charlie (4) and Margaret (1) live in Memphis. Her son, Jordan and wife Sarah, live in Columbus, and just had their first child, a boy. They are teachers who contribute to Ohio STRS.

Insight continued from page 2:

how lucrative they are for retirees, and how expensive they are for taxpayers. These articles are designed to create private-sector taxpayer "pension envy."

The next step in the process is to begin a second series of newspaper articles.

These articles will be loaded with examples of poorly funded state pension plans. They will then inject Ohio's plans into the discussion and lump all plans into their negative conclusion which is that the defined benefit plans are going broke, the burden of providing for the state's retirees will fall on the state and consequently, the taxpayers are going to be stuck with the bailout expenses.

The final step is to introduce legislation that will eliminate the defined-benefit plans, and put all their cash and political influence behind getting the legislation approved.

Protect Ohio Pensions knows the plan. We monitor all public and behind the scene activity, we are ever present at the Statehouse, we work with legislators on both sides of the aisle, and we know when to act. Most importantly, we keep our members knowledgeable, informed, and up to date on the legislative activities.



Legislative Report continued from page 2:

During the two year sessions, the General Assembly tends to do most of its work in the first six months of each year.

In the first six months of 2017, for example, the bulk of legislative activity was spent with testimony, hearings and actions related to passing Ohio's budget bill. Although the General Assembly had completed its duties by the June 30th budget deadline, this year's pattern deviated from previous years in that the Ohio House returned to override certain line-item vetoes of some provisions.

There were several administrative changes, impacting the pension systems that were included in the final passed version of the budget bill including a provision impacting how COLAs are set for SERS members.

We had been monitoring this bill and will continue to follow all bills impacting COLA adjustments as well as any other legislation that might impact Ohio's defined-benefit retirement systems.

The fact that the legislators have left the Capitol for the summer does not mean that our job in following the General Assembly stops.

We are constantly vigilant in watching news services and other conversations across the state to identify early any discussion that could lead to a call for pension changes at the Statehouse. Part of this responsibility is keeping an ear to the ground by continuing to build relationships with legislators.

Our firm, Carpenter, Lipps and LeLand LLC, is constantly engaged in attending events with legislators, meeting with their legislative staffs and generally "showing up" at places where policy issues are being discussed.

Ultimately, our goal is to detect any threat to our present system and to be ready to discuss, advocate and mobilize the strength of the POP organization to preserve our defined benefit pension plans and systems. It is your membership that forms the foundation of our strong advocacy for today and into the future.



POP 5 Membership is Growing

POP5 began reaching out for retiree members in August of 2016. As of August 1, 2017 we had 14,268 members, 4,092 of which were Lifetime members. Our plan is to begin reaching out to Ohio's current workers at the beginning of 2018.

Board Member Search

Would you like to help guide our association?

Protect Ohio Pensions now has retiree members from all of Ohio's public pension systems.

We are continuing the process of looking for new board members, who have the same passion as the current members do, in preserving and protecting Ohio's defined benefit pension plans.

To become a STRS, SERS, OP&F, and OHPRS representative the qualifications are: A retiree or current worker of the pension system you would represent. A basic knowledge of the operation of your respective system and a passion to preserve the defined-benefit pension plans for all of Ohio's public workers.

Our board members are only required to travel to the bi-monthly [every other month] board meetings held in Columbus, Ohio.

All board positions are volunteer and members receive no compensation, other than reimbursement for gas and lunch on board day.

If you have an interest in, or questions about a position, please email a work experience overview to our Executive Director, Bill Winegarner or call him with any questions you may have.

Popoffice@POP5.org or 614-475-8250



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