

## Insight From the Administrator

By William I Winegarner



### What is the value of history?

History is the study of the past. It is the study of knowledge acquired through investigation and/or experimentation.

The moment we were born we knew nothing. Some actions, like breathing, were instinctive, and others, like reaction to pain, were expressed by crying. We began to learn through our experiences that, if we cried, we would be fed, and our hunger pains would go away.

When we laughed, we got one reaction, when we fussed, we got another. When we saw something across the room, we first rocked, then scooted, and finally crawled to get to it. When our parents told us the stove was hot, we ignored them, and eventually learned by experimentation. We touched it, and it burned, and we learned not to do that again.

Civilization is the result of learning or evolving from the investigation and/or experimentation which began with the cave-dwellers. Each generation benefiting from the investigation and/or experimentation of those who came before them.

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## The Legislative Report

By Steve Buehrer, Esq.



### History Happening in Front of Us

There is much talk of "historic events" in this strange year that is 2020. Not only do the dramatic events of COVID-19 elicit mentions of monumental change, there are talks of the legacy of the Spanish Pandemic of 1918 and how this COVID virus and this era's experience compare with that historic

pandemic. Issues of racial tension, dramatic stock market gyrations, unheard of interest rate plunges and a host of other events- both real and those cancelled- will no doubt mark 2020 as a historic year. Unfortunately, recent events at the Ohio Statehouse have also made 2020 a history making year, but not for the good.

On July 21st, the US Attorney announced federal racketeering and bribery charges against Ohio House Speaker Larry Householder and four associates. A few days later, the House voted unanimously to remove Householder from the Speaker's role, which was the first time in Ohio history a sitting speaker had been removed.

Although a new Speaker has been selected (Bob Cupp of Lima), these events have dramatically changed the political and policy landscape in Ohio.

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### Mary Winegarner - POP5 Treasurer

Before the start of Pop 5, my husband, Bill Winegarner, was the administrator for another retiree association. He frequently talked about the need for retirees to have an organization that would focus solely on protecting and preserving the defined-benefit plans provided by all five public-pension systems in Ohio. In January of 2016 he asked me if I would be willing to fund a loan for a new association. As seniors it was concerning for me to invest our savings into something so risky; however, I decided that it was important enough to take the risk and agreed to do it.

The organization grew and the vision Bill had to protect something that was, and still is, at risk came into fruition. As part of the organization I also became the treasurer and a board member of Pop 5. I am continuing to learn a lot about pensions and the importance of not only retirees but current workers to educate themselves through Pop 5 about their defined-benefit pension plans.

It has been a privilege to serve Ohio's retired public servants, and to continue in the fight to keep the defined-benefit pensions.

## RETIREES & WORKERS

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In other words, civilization improves as mankind learns from the successes and failures of the past.

The same is true in science, and business, and yes even pension management. If we ignore the learning gained by our predecessors and contemporaries, we find ourselves back in the novice investigation and/or experimentation stages.

History clearly illustrates that those who want to control people, governments, or businesses, first attack, hide, or alter history, and then replace it with their “all-knowing” personal doctrine.

We are to learn and improve by and through lessons of history. Protect Ohio Pensions is in business to monitor the history of our Ohio define-benefit pension plans. Learning from their successes and mistakes, advocating for timely and well-balanced adjustments, and guarding against emotional and generally harmful, knee-jerk reactions to momentary events.



**Maryfrances Kamyar**  
COO/Assistant Director

### Pension System History.

Starting with the establishment of the State Teachers Retirement System in 1919, Ohio’s five defined-benefit pension plans and systems have been around for more than 100 years. Throughout this time, they have continued providing retirement payments in the face of financial adversity both in the United States and globally. The financial strength of Ohio’s defined-benefit pension systems continues as the pension systems’ history continues, bringing financial stability to retirees and the community where they live. Here is a brief look at the pension systems, and how they were forged by the legislature and pension system boards working together.

Before the 1900’s the state of Ohio had small municipal funds to pay police and fire fighters. In 1939 it became mandatory for the municipalities to set up pension funds for two or more employed firefighters, and then for police in 1947. It wasn’t until 1966 when HB 642 brought together 425 individual funds to make the

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## STANDING TOGETHER

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Even though it is easy for most people to understand the axiom that leadership matters, individuals who do not frequent the Statehouse on a daily basis may fail to understand the power of the speakership.

Once a speaker is elected by a majority of the Ohio House, that individual has immense authority to control nearly every aspect of the House of Representatives’ operation. In short, the speaker decides who will serve on committees, who will lead those committees, what bills come to the floor and ultimately the content of those pieces of legislation. On the political front, this oversized influence puts the speaker in a position to dominate fundraising which he ultimately can use to support or oppose candidates throughout the state. This influence on individual House member’s races gives him strong control over the behavior of members of the House- most notably of his own party. Former Speaker Householder was known as a master of these political and policy levers and wielded them with great influence. Although it remains to be seen how Speaker Cupp will operate within this structure, suffice it to say that everything has changes. As a colleague said to me earlier this week, “Bills that were previously important may not be now; those bills that were not important may have new significance.” His assessment is correct thereby throwing the short- and long-term prognosis on a number of issues into uncertainty.

All of these shifts, however, should not be taken as bad news. In fact, many observers believe that a new day has now begun at the Statehouse. In addition to the change in House leadership, the current Senate President (an equally strong leadership position in Ohio’s upper chamber) is term limited at the end of the year and a new president will lead that chamber as well. In short, the governing philosophy and the priorities of the legislature will shift based on these changes as well as the upcoming election as our state heads into a new legislative term next year.

How these changes may impact legislation that is important to Ohio’s pension systems and the members of POP 5 is open to speculation. What we do know is that vigilant attention to what happens at the Statehouse is critical. Also, continuing to build relationships on an individual basis across the state will take on renewed importance. Rest assured, that the POP 5 leadership takes our responsibilities in these areas very seriously. We will continue to participate in the debates and monitor the many events taking place in Ohio’s Capitol. Despite the challenges and uncertainty, it is certainly our pleasure to take on these responsibilities at this historic time.



## Pension System History—Continued from page 2

Ohio Police and Fire Pension Fund & Disability Fund now known as OP&F. Member contributions were optional until 1967. Assets of \$75 million were transferred to the new fund, but they also inherited \$490 million in liabilities. Legislation passed in 1981 increased OP&F's investment opportunities which has led the way for it to be worth over \$14 billion. [op-f.org/information/opfhistory](http://op-f.org/information/opfhistory)

The oldest established pension fund in Ohio is the State Teachers Retirement System (STRS). With a unanimous vote by the House and Senate, HB 359 became law August 8<sup>th</sup> 1919. During the first-year, member contributions were more than 1.9 million and investments 4.4 million. Over the years STRS grew, in 1929 it had more than 60 million in investments. In 1959 the pension system purchased land and built its permanent home at 275 E. Broad St Columbus Ohio. In the 1960's and 70's STRS upgraded their filing systems using technology and began retirement counseling. 1980 the Ohio General Assembly voted to expand STRS investment in real estate. STRS 2019 FY worth was over \$79 billion. [strsoh.org/anniversary/](http://strsoh.org/anniversary/)

The State Employees Retirement System was established in 1933 with the signing of the law by Governor George White effective Jan. 1, 1935, at which time employees started making their contributions and then employers in 1937. With the inclusion of employees of counties, municipalities, health, park and conservancy districts the System's name was changed to Public Employees Retirement System (PERS). In 1945 the State pays delinquent contributions to the System, putting it on a sound actuarial reserve basis. All through the 1950's as PERS grew benefits were increased. PERS hits its 1 billion mark in 1966 and in 1970 is able to move into their new building at 277 East Town St Columbus Ohio. PERS continued to grow over the years adding and adjusting benefits with fluctuations in their financial standing. As of December 31<sup>st</sup>, 2019 OPERS, net worth was over \$106 billion. <https://web.archive.org/>, <https://www.opers.org/about/timeline/index.html>

The School Employee Retiree System (SERS) began in September 1937 with \$5,000 in startup money from the state of Ohio. Due to the success of the Cleveland Custodians Pension fund, founded in 1927, along with interest from school employees in

other occupations, legislators approved a retirement fund for all school employees. Representatives of STRS and OPERS were consulted to help draft the legislation presented, HB 217. SERS has had a couple of homes, building at various sites with the growth of the system. The pension system now resides at 300 East Broad Street Columbus Ohio. Having surpassed the \$1 billion mark in the 1980's SERS continued to diversify and expand its portfolio benefiting from investment authority granted by the Ohio General Assembly. As of 2019 FY SERS cash and investments were \$14.69 billion. SERS is Ohio's third largest public pension fund and serves more than 239,000 members and retirees. [https://www.nasra.org/files/State-Specific/Ohio/Brief\\_History\\_of\\_SERS\\_final\\_1\\_.pdf](https://www.nasra.org/files/State-Specific/Ohio/Brief_History_of_SERS_final_1_.pdf), <https://www.ohsers.org/>

In 1941, the Ohio General Assembly established the Highway Patrol Retirement System (HPRS) for troopers, and communications personnel employed by the Highway Patrol. Today, membership in HPRS is limited to troopers with arrest authority and trooper cadets in training at the Highway Patrol Training Academy.

The system provides age and service, disability, survivor, and death benefits, as well as health care coverage for benefit recipients and eligible dependents. HPRS currently resides at 6161 Busch Blvd Columbus Ohio. As of May 31, 2020, HPRS had estimated assets of \$884 million. <https://www.ohprs.org/ohprs/>, <https://www.troopertotrooper.com/Trooper-to-Trooper-History.html>

Going back 101 years in 1919 when STRS was first established, we know of so many events both in America and Worldwide that affected the pension systems financially; starting with the stock market crash of 1929. From 1937 through 1938 America had an economic recession within the depression. In 1962 America experienced a "flash crash" at the stock market and again in 1987 known as "Black Monday". In the late 80's and early 90's America experienced a "flash crash" due to a failed buy out of American Airlines and a recession due to a drop in oil prices when Iran invaded Kuwait, the Dow Jones dropped 18% in three months. In 2000 we have the collapse of the Technology bubble, 2001 the attack on the twin towers causing a loss of \$40 billion in Insurance and a worldwide financial affect. In 2002 there was a downturn in stock prices for America, Canada, Asia and Europe. In 2007 the S & P 500, NASDAQ, and

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### Pension System History—Continued from page 3

the Dow Jones Industrial average had declines over 50% which had an effect on world trade and the world economy. This brings us to the stock market crash of 2020 due to the COVID-19 virus.

Ohio's five defined-benefit pension systems along with other smaller DB plans in Ohio and around the United States have withstood these difficult times. The money sent out each month to our retirees has come from their contribution, their employer's contributions and returns on investments. These investments are set up for long term investing and although

our country has seen the effects of economic downturns it has also seen the effects of markets recovering and increasing. The increases the pensions have seen in their long-term investments have enabled them to continue to send retirement checks each and every month to all of our retirees even during the COVID-19 pandemic.

This history illustrates the stability of our pension systems over time, and enables us to see the forest through the trees.



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