

# Protect Ohio Pensions 2nd Quarter 2022

*Retirees & Current Employees Working Together to Preserve Ohio's Public Pensions*

## Insight From the Administrator

By Maryfrances Kamyar



### Stakeholders

We all derive comfort from having certain kinds of insurance that covers our health and overall wellbeing. Insurance provides protection against a possible eventuality. It is a challenge to be prepared for every eventuality in our lives. As we are seeing in our communities and around the world, it is a large weight to carry wanting to be involved with change that will affect the whole world. But what we can do is bring about change and influence in the areas that affect us, our acquaintances and our communities, thus changing the world. We do this by knowing and understanding that we have a stake in what is going on concerning things in our lives that affect us and our families.

Retirees and current workers have a stake in the pension systems and as an individual they are a stakeholder, collectively they are a part of a stakeholder group. A stakeholder is an individual or group that has an interest in any decision or activity of an organization, usually a business.

Some groups that people choose to join are formed by the retirees themselves, and some groups are formed by interested parties who understand the importance of the five defined-benefit pension systems operating in a healthy manner and protected from outside undue influence. Some of these groups meet in person enabling the retirees to socialize, meeting and discussing their lives and how they are doing personally. They can discuss the workings of their retirement system and how the retirement system may be a part of providing what needs they have. Some groups are on the computer (Facebook, Twitter, or Blogs) and simply disperse information.

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## The Legislative Report

By Steve Buehrer, Esq.



### Ohio Retirement Study Council

In past editions of this newsletter, we have looked at the checkpoints that exist in Ohio to balance the various viewpoints and ensure accountability for the public retirement systems. One of the principle checks and balances in Ohio law and pension system operations is the Ohio Retirement Study Council (ORSC). Although we have mentioned the Council in past articles, today we will take a look at the ORSC in some detail and try to understand the unique role it plays in maintaining accountability and a long term perspective for pension management.

The ORSC was formed in 1968 in the wake of a merger of multiple municipal police and fire pension systems into a single state fund called the Ohio Police & Fire Retirement system. At the time the merger was necessitated by the extreme underfunding of these local systems as well as fears concerning the sustainability of public pensions. The framers of the ORSC determined that a body needed to be formed that could take a long term perspective on the management, finances and ultimately the sustainability of Ohio's five statewide pension systems. In part, this longer term view was needed since the General Assembly operates in two year cycles and pension sustainability is often measured in decades.

The ORSC is unique in its position in state

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## RETIREES & WORKERS

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As my children learned in school from their most beloved teacher who taught library science, websites and the information they dispense need to be vetted. You need to be sure it is a good source.

An external stake holder group is poised, ready, and prepared for action. These groups continue to work each day watching legislation and listening to their members so they are prepared to move on legislation or situations that concern them.

A stakeholder group can motivate its members to seek answers concerning how a pension system is conducting business or how a piece of legislation will affect their pension system. What do we do if a piece of legislation is introduced by a representative, senator or the pension system, that we don't agree with or that adversely affects the retirees, current workers and future employees of a public pension?

It is at this time the stakeholders' voices come together and communicate their questions and concerns to the pension systems, their state representative and their state senator. This then motivates our representative to look into these questions or accusations on a problem and find answers. Our government representatives then turn to the law concerning the problems and what would be a good course of action for a resolution.

“The Ohio Revised Code is the general law of the state of Ohio. The Revised Code is organized into 31 general titles broken into chapters dealing with individual topics of law. The chapters are divided into sections which contain the text of individual statutes. This includes the workings of the public retirement systems in Ohio.”

<https://www.legislature.ohio.gov/laws/ohio-codes>

“The Ohio Retirement Study Council provides legislative oversight as well as to advise and inform the state legislature on all matters relating to the benefits, funding, investment, and administration of the five state retirement systems in Ohio.”



## STANDING TOGETHER

Legislative Continued from Pg 1:

government in that its membership is comprised of both legislative members and executive branch appointees. By statute, the membership of the ORSC is comprised of three members from both the House and Senate- no more than two of whom may be from the same political party. The Governor also must appoint three members only two of whom may be from any one political party. Finally, each of the executive directors of the five pension systems serves as an ex officio, non-voting member of the Council. In addition to using outside consultants to fulfill its obligations under the law, ORSC hires an executive director and a small staff to run the ongoing operation.

By statute (Ohio Revised Code Chapter 171), the ORSC has seven mandatory duties. Several of these duties include system oversight through reviews of policies, asset allocations, time horizons and total return objectives. These oversight duties also include conducting periodic actuarial reviews as well as performance audits of the systems. Other aspects of the statutory requirements include the review of all proposed administrative rules submitted by the systems, reviewing proposed laws of the General Assembly and an ongoing review of the administration and financing of the pension and retirement funds.

In fulfilling its oversight and legislative review duties, the ORSC has become a mandatory stop for any potential legislation seeking to move through the legislative process. In this role, the Council's obligation is to set aside many of the opinions and views that may be driving a bill and consider the longer term impact to Ohio's pension systems both operationally and financially. A key measuring stick for the Council is the requirement that each of the pension systems must maintain a 30 year window of financial solvency. (A number of factors may impact this statutory window of solvency including benefit levels, contribution rates and assumed rate of investment return.)

The Council has a director, a senior research associate and subsequent research associates who provide research into the Ohio Revised Code and other matters to clear up questions that arise concerning the proper operation of the retirement systems. <https://www.orsc.org>

The Ohio Revised Code and Ohio Retirement Study Council are the base line in place that gives us peace of mind that the pension systems are operating according to law and according to certain accounting standards.

All of these aspects together insure the proper and ethical operation of the pension systems. As you can see, there are many checks and balances in place to ensure the running of the pension systems properly, and they are put into operation when individuals and stakeholder groups speak up and contact their Ohio representatives and senators.

Some retirees have communicated to me they are concerned that speaking up too much “rocks the boat” and can lead to negative consequences. Genuine questions and concerns, bring genuine research and answers.

As a stakeholder, Protect Ohio Pensions is aware of the activities of the pension systems through board meetings, and the Ohio Retirement Study Council meetings. We also review all legislation introduced at the state level through our legislative council. Through our legislative council we also keep in contact with the government relations officers of the retirement systems and we keep informed of federal legislation that would adversely affect the pension systems. We research and keep informed of what is occurring in other states concerning the movement to change public pension plans from defined-benefit to defined-contribution, helping us understand who is behind it and how it would affect our state. We are recognized as a stakeholder and will inform our members should we need to call our representatives or senators on any movement towards a change that impacts the Ohio pension systems to defined-contribution.

Stakeholders can be internal or external to an organization. Internal stakeholders are people whose interest in a company comes through a direct relationship, such as employment, ownership, or investment.

Legislation that would impact this 30 year requirement receives heightened review, and the Council often seeks to bring stability and a historic context to its reviews.

Responsibility is often placed by the ORSC on the systems’ boards of directors to make changes that ensure stability and sustainability. Although the ORSC cannot bind the General Assembly with its recommendations- in part because it has been formed by a legislative enactment- the General Assembly has historically followed the recommendations of the Council. Recent meetings of the ORSC have seen the review of several bills pending in the General Assembly as well several “concepts” that were being considered as possible amendments to legislation in the final days of the spring legislative session that wrapped up on June 1<sup>st</sup>. An example of this review was an amendment that was later adopted (and has now become law) that would continue the prohibition of poll workers from being eligible for OPERS coverage even if a person might work more than the typical two elections in a year.

Ultimately, the ORSC provides a critical service to the state and to the pension systems through its oversight and review functions. The Council is a forum in which politics, popular opinion and other legislative considerations are to be set aside in the name of a focus strictly on the best interests of the retirement system in maintaining their critical role in providing benefits for Ohio’s public retirees. POP 5 will continue to closely monitor the activities of ORSC and be a strong voice in maintaining the independence and respect that is necessary for the ORSC to complete its important oversight mission.

External stakeholders are those who do not directly work with a company but are affected somehow by the actions and outcomes of the business. Suppliers, creditors, and public groups are all considered external stakeholders.

Stakeholder groups offer insurance or assurance that someone is watching and listening to the activities of our legislature, pensions systems and any outside influence. Each stakeholder group has a different focus on activities that affect what is important in their life. A person's decision to be a part of a stakeholder group is their way to be involved in what affects their community.



OPERS board seat elections will be held Aug 23rd through Sept 30th, 2022.

Protect Ohio Pensions does not endorse candidates for any pension board of trustee's election.

We would, however, encourage you to do four things. 1.) Join the online access to your pension board's meeting. Watch what they do. Learn the legal requirement they must meet, and see how much knowledge and insight it takes to make the tough and proper-fiduciary decisions. 2.) Avoid one-issue candidates. The position requires a much broader scope of knowledge. 3.) Don't just pick a candidate because a group supports them. Take the time to study each candidate before you select one. 4) VOTE



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