

**CHALKDUST**

The official publication of the North  
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**STRS Retirement Update** by Tim Myers, STRS Board Chair

In the past, I have shared with you the phenomenon known as “pension envy” that seems to be sweeping the country based on news stories we are seeing in Ohio and other states. Head-lines that declare “Ohio Pension Systems: A Time Bomb for Government” and “Pensions Put Local Budgets Under Strain” are, unfortunately, pitting public employees against taxpayers. STRS Ohio and its sister systems are doing what they can to try to “set the record straight.” We also know that arming our own members with the facts is important.

I would encourage you to continue reading your STRS Ohio newsletters and messages that you receive via the system’s email news service to keep abreast of the facts. More than 100,000 STRS Ohio members receive email updates that provide a synopsis of each monthly Retirement Board meeting, as well as other important news. I would also direct you to a new section on the home page of the STRS Ohio Web site [www.stsoh.org](http://www.stsoh.org) that was posted this summer. Titled “Special Pension Plan Reform Coverage,” this section includes information about STRS Ohio’s proposed plan to help strengthen the financial condition of the retirement system. You will also find information on related issues, including the value of the defined benefit plan to public employees. In the weeks ahead, additional information will be posted to help you answer questions you may be receiving about *your* pension plan.

In responding to recent articles, STRS Ohio Executive Director Michael Nehf noted that the plan proposed by STRS is “not about diffusing a time bomb – it is about reasonable people reaching reasonable solutions.” Collectively, the board, staff *and* members of STRS Ohio must do what they can to ensure that any discourse about pension plan changes is based on facts and focuses on changes that can truly make a difference to the sustainability of STRS in the future.

Although proposed pension plan changes have been the primary focus of the system for more than a year – and rightly so – work is also proceeding on another system program that is of utmost importance to members. This fall, board and staff will begin developing a long-term strategic plan for the STRS Ohio Health Care Program. The focus of the discussion will be on designing long-term solutions, while also taking into consideration changes brought about by the recently passed national health care legislation. The projected timeline for the discussion calls for board approval of a plan by June 2011.

With the close of fiscal year 2010, STRS was able to report its investment returns and operating expenditures for 2010. The total investment fund return was 13.5% and exceeded the benchmark return of 13.3%. The market value of investment assets were \$56.9 billion. While we all know investment returns alone are not the solution to STRS Ohio’s pension funding challenge, it is nevertheless heartening to see movement into positive territory after several years of negative returns.

None of us has a crystal ball to foresee the future. As chair of STRS, I can assure you that your board is continuing to focus on the issues you and your education colleagues have told us are important to you.

In return I would ask each of you to do your part to help your fellow Ohio taxpayers understand that defined benefit plans **play a critical role in reducing the risk of poverty and hardship among older Ohioans**. In July 2009, the National Institute for Retirement Security issued a report titled “The Pension Factor: Assessing the Role of Defined Benefit Plans in Reducing Elder Hardships.” The report notes that pension income resulted in a savings of \$7.3 billion in public assistance expenditures and 4.7 million fewer households in poverty or near poverty in 2006. More than 23 million older Americans received a defined benefit pension that year. **Eliminating or drastically curtailing defined benefit plans would have a far greater impact on taxpayers than making changes that ensure the long-term solvency of Ohio’s defined benefit plans, including STRS Ohio’s.**

This is an important message that all of us should be sharing.