

URGENT – The Time to Act is Now !

By Bob Buerkle, former CFT Retirement Chair

These are unprecedented times and they call for aggressive actions on the part of all of us. If you haven't heard the latest proposals that will wipe out up to 25% of your total pension value you need to pay close attention NOW!

Here is what STRS has proposed in order to get the new full formula with a smaller pension in the future and what it will take to avoid an even further actuarial reduction on that reduced pension:

- 1) Work a minimum of 5 years longer than now, unless you are also 65.
- 2) Pay more out of your paycheck for your pension contributions.
- 3) Work at least until you are 60 years old. Example: If you start teaching at 21 you must work 39 years.
- 4) Work at least 35 years or longer.

There is an 8 year phase in between 2015 – 2023 from 31 to 34 years before the 35 year requirement begins. On average, this means you will get at least 5 fewer years of pension payments after this phase in period.

Here are even more changes that will reduce your pension and/or increase your cost after 2015 when you are forced to work more years and be older just to qualify for your pension:

- 1) A 2.2% formula for all years of service.
- 2) Final average salary (FAS) based on high 5 years not high 3.
- 3) Member contributions increased a minimum of 30% from 10% to 13%.
- 4) You will not get a pension for the 5 years that you are now required to keep working.
- 5) Your Cost of Living Adjustment (COLA) will be reduced by one third from 3 to 2%
- 6) Your COLA will not begin until you begin retirement year number 6.

Numbers 4, 5 and 6 by themselves will cause the average CPS retiree to lose over \$650,000 in their pension compared to a 30 year retirement today with FAS of \$75,000. That's equal to 8 years future of pension payments. You also will not receive another five years of pension benefits because you will have to work five more years if these pension bills pass.

So you will pay much more, work much longer and get much less.

Are you ready to act now? It may be possible to stop this insanity.

TALKING POINTS to choose from are available on the CFT Website and in a flier along with links for emails and phone and fax numbers. Take the time to write an E-mail or a letter to your local representative and the representatives who serve on the Health and Aging Subcommittee on Retirement and Pensions about HB69 and Senate Bill 3. Make your letter brief, to the point and less than a page in length. Ask for a response and their position on this pension legislation. Let CFT know if they tell you their position.

An hour or two of your time could be worth a lot of money to you if we can stop the changes in career/age requirements and COLA reductions. Go to www.cft-aft.org and call up URGENT for a link to Ohio Legislators in Hamilton County as well as the key people in charge of and on this committee related to pension legislation. Many legislators will give more weight to faxes from their constituents than they do for emails.

Go to www.cft-aft.org , click on the STATEHOUSE link in the left column. Input your zipcode to find the addresses, fax numbers & email addresses for your state legislator.

Hamilton County Senators	Hamilton County Representatives
<p>Senator Shannon Jones Senate Building 1 Capitol Square, 2nd Floor Columbus, OH 43215 613-466-9737 SD07@senate.state.oh.us FAX - 614-644-5466</p>	<p>Rep. Lou Blessing 77 S. High St 14th Floor Columbus, OH 43215-6111 Phone: (614) 466-9091 Fax: (614) 719-3583 Email: district29@ohr.state.oh.us</p>
<p>Senator Bill Seitz Senate Building 1 Capitol Square, 1st Floor Columbus, OH 43215 614-466-8068 SD08@senate.state.oh.us FAX - 614-466-4250</p>	<p>Rep. Dale Mallory 77 S. High St 10th Floor Columbus, OH 43215-6111 Phone: (614) 466-1645 Fax: (614) 719-3586 Email: district32@ohr.state.oh.us</p>
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Chairman & members of the Health & Aging Subcommittee on Retirement & Pensions	
<p>Rep. Kirk Schuring, Chairman 77 S. High St. 11th Floor Columbus, OH 43215-6111 614-752-2438 district51@ohr.state.oh.us Fax: 614-719-6951</p>	<p>Rep. Robert Hagen 77 S. High St. 10th Floor Columbus, OH 43215-6111 614-466-9435 District60@ohr.state.oh.us Fax: 614-719-3960</p>
<p>Rep. Bruce Goodwin 77 S. High St. 13th Floor Columbus, OH 43215-6111 614-644-5091 District74@ohr.state.oh.us Fax: 614-719-3974</p>	<p>Rep. Richard Hollington 77 S. High St. 13th Floor Columbus, OH 43215-6111 614-644-5088 District98@ohr.state.oh.us Fax: 614-719-6998</p>
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TALKING POINTS - Pick and choose from the following list of bulleted topics, re-type and put in your own words to create a letter unique to you. Also, add any personalized information you want about any retirement plans you may have had, how this might be devastating to you and your family, how this might affect your health, how you thought the benefits that you have already earned were guaranteed by law, etc, etc. These points are in no particular order so you can select any that you want to use from the entire list. Pick a few and don't make your letter too long (not more than one page). If 100's our members write letters I'm sure all of the points will be used and they will hear the message we are sending.

- Tell them the STRS Investments have been making a good recovery and are up over 33% over the past 18 months
- More time is needed. We need more recovery time, not more taxpayer funding. Give us time. We are in no immediate, near-term or mid-to-long range danger of being able to pay our pensions.
- We have enough money to meet our current obligations for the next 25 years right now. We are not asking for more taxpayer money. Let us solve the problem ourselves.
- We would like to see new age and service rules but only for new hires. This is how most states are dealing with their long range recovery.
- Do you know that health care for a retiree and their non-teacher spouse is now over \$14,000 per year? How do you think a retiree can exist with a reduced pension and ever increasing expenses like this?
- You should not be able to change the rules affecting the benefits we have already earned.
- You should not be allowed to change the benefit guarantees that our retired teachers were promised.
- The STRS has been in existence for 92 years and is in no immediate need of the Draconian Changes that have been proposed.
- If all of these pension plan changes go into effect and our investments continue to provide great returns we will overshoot our recovery point and have no provision to restore our lost benefits.
- The STRS plan that has been hastily put forward has been done so due to high pressure legislative arm twisting.
- Considering the outstanding investment returns over the last 18 months, and the rushed legislative process that is currently underway, we wonder if our legislative majority has suspect motives to rush this through before we can fully recover on our own. This is what we are thinking is going on here.
- After the previous recession the STRS submitted a 15 year plan in 2005 outlining how we would get to a 30 year funding period by 2020. At that time, STRS Staff publicly stated that it could easily take 12-15 years to invest our way back to a 30 year funding period. By June 30, 2007, just two years later, our investment returns were so good that the STRS funding period stood at 26 years. Apparently, neither the STRS or the Legislature has a very accurate crystal ball on this. I trust the stock market returns more than I would trust the motives of some legislatures. Sorry, but you are talking about life support for our retirees.
- The proposals do not take into account the very high investment returns that we are currently earning.
- We do not want an 18 month period of negative investment returns to completely reformulate our 92 year old pension plan when we haven't given the market the time needed to fully recover.
- The 2008 Actuarial Report is a snapshot of our funding condition that these proposals are based upon, does not reflect any of the recent investment gains we have made since then that are now approaching nearly 18 Billion dollars.
- Do you think you have been elected with a mandate to lower the standard of living of 470,000 STRS members and retirees? I think not.

- The Ohio Job Market does not need more competition from teachers and retirees. Ohio needs our income and pension income to be spent in Ohio and that provides more jobs for other Ohioans.
- We pay our own way for our pensions. Even the Employer Pension Contributions are part of our total wage and deferred compensation that have not increased for taxpayers since 1984.
- We can solve our own problem with small changes and in a reasonable time frame of 7 or 8 years or less.
- What kind of message will you be sending to Ohio parents, students and all citizens if you diminish the future of the educators who taught all of them?
- Do not destroy our 92 year old Pension System because of a once in a Century Investment Anomaly that will prove to be a downward blip on the long term rise that the stock market has always had.
- Help us to improve by giving us a reasonable amount of time and the understanding that we need.
- On Thursday, February 17, 2011 the STRS Actuary reported good news to the Board. He said that the STRS Health Care Fund has increased its solvency period by 25% in the last year. We are making headway and we just need more time..
- Do not destroy us with your legislative power just because you can.

Do not put this off. Don't think that this will get resolved without your help.

In solidarity, start writing!