

STRS Speech on 9/16/10

Whether you are an STRS Board Member, an STRS Staff Executive or a Legislator, you should consider STRS Retiree Pensions and COLA's as paid up, guaranteed and protected by Ohio Law.

Why should we pay for enhanced benefits for future teachers, some of whom have not been born yet, just to avoid what most other states are willingly doing to solve their funding crisis? Make a new promise to new hires and improve it if and when you can.

While we were working, all of the 30 year veteran teachers who retired around 2003-04 and beyond paid for the free health care that all retirees and their spouses received from 1974 through 1993. The 1993-94 HC change began charging \$20/month and was gradually increased annually. It was still reasonable for the member and spouse through 2002. On 01/01/11 HC will cost over \$12,000/year for our spouses. The 30 year cost of these subsidized health care benefits at present value is several billion dollars. We paid for those who retired before us and we have paid enough.

Retirees in this Century have never had inexpensive Health Care or received a 13th check but STRS certainly used our investment earnings and our deferred compensation, sent to STRS as employer contributions while we were working, to fund these two big ticket items. We cannot and should not be asked to pay for any more. We are retired and we do not plan to accept any reductions to the Ohio STRS Pension Contract we have been promised unless the judicial system rules against us.

We also paid for all of those pre-2000 retirees who were fortunate enough to receive a 13th check during the 18 years it was paid out, which today has a value of over 1 Billion dollars. These enhanced benefits were paid for because former STRS Boards, Staff, Actuaries and Directors thought that they were affordable. In reality, as we now can see, STRS did not have the proper reserves or contingency plans that were adequate enough to weather longer periods of negative investment returns.

During the 2009-10 fiscal year STRS Investments exceeded our 8% return goal by 70%, earning nearly 13.6% for the year. We are on the road to recovery. It will still take a long time to fully recover. However, STRS is not in any immediate danger of meeting near or long term pension obligations.

STRS will probably have to make some changes but don't expect the most recent retirees who have already paid for the Health Care and 13th checks of those who preceded us to also subsidize the pensions of the future teachers that will follow us! Cutting a third of our future COLA increases will ruin the retirement plan we were promised. Today's retirees are not asking for refunds of their contributions that were used to benefit these other retirees. Our contingency plan is simple, "Leave us alone and just honor the promises in current law as described in ORC 3307.67"

Bob Buerkle
Cincinnati Public Schools Retiree, 2003