

Date: Wednesday, September 2, 2009, 9:18 PM

STRS Board Adopts Plan

At its special meeting on September 1, 2009, the STRS Board unanimously adopted a plan to reduce the unfunded liability in the system and keep 1% of the funds going to health care. The five components of the plan are:

- 1. Contributions:** Increase member and employer contributions by a total of 5% by 7/1/2020. Ultimately, members would contribute 12.5% and employers would contribute 16.5%.
- 2. Final Average Salary:** Base the final average salary (FAS) on five highest years of earnings beginning 8/1/2015.
- 3. Retirement Eligibility:** Beginning 8/1/2015 members may retire and receive an unreduced benefit at any age with 35 years, age 60 with 30 years, or age 65 with 5 years. Members may retire earlier with an actuarially reduced benefit at age 55 with 30 years or age 60 with 5 years. Members who meet age and service eligibility requirements for service retirement as of 7/1/2015 under the current rule retain their eligibility.
- 4. Benefit Formula:** Benefit formula is 2.2% per year for the first 30 years, 2.5% per year thereafter beginning 8/1/2015. The 35 year enhanced benefit is no longer needed to encourage teachers to work longer and is eliminated. Those who have 30 years of service, those who are 55 with 25 years of service, or those who are age 60 with 5 years of service as of 7/1/2015 will receive the greater of (a) the benefit as of 7/1/2015 under the current formula OR (b) the benefit upon retirement under the new formula.
- 5. Cost of Living Adjustment (COLA):** Beginning 7/1/2011 current retirees will receive an annual 2% COLA; members retiring on 7/1/2011 or later receive a 1.5% COLA each year.

Several members of the Board expressed their concerns about the plan and the relatively short time to develop a plan as determined by the Ohio Retirement Systems Council. All five of the state's retirement (STRS, SERS, OPERS, Police and Fire, and Highway Patrol) were directed by the ORSC to develop plans to reduce their unfunded liability to 30 years. The Board also expressed its appreciation to the STRS staff for their work in developing this plan.

The next steps are presentation to the ORSC on September 9; then the ORSC will forward their recommendations for each of the systems to the state legislature. STRS will continue to review and monitor progress of legislation and continue to meet with its constituent groups. To keep aware of the most recent developments, go to the website www.strsoh.org.