



Date: February 9, 2016

To: **OSURA Executive Board Members/Historian/Representatives**

Jerry Dare  
Sally E. Dellinger  
Howard L. Gauthier  
Raimund E. Goerler  
Michele B. Hobbs  
Richard M. Hill  
Fern E. Hunt

Daniel L. Jensen  
Carl Leier  
Shirley McCoy  
Sally W. Morgan  
Gerald H. Newsom  
Hallan C. Noltmier  
Diane Selby

Thomas L. Sweeney  
Marie T. Taris  
Gisela M. Vitt  
Nancy S. Wardwell  
Elenore Zeller  
Alabelle Zghoul

From: Gerald H. Newsom, President

**OSURA Executive Board Meeting  
Tuesday, February 9, 2016 from 9:00 to 11:00 AM  
Northwood and High Building, Room 100  
2231 North High St.**

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**A G E N D A**

- |      |                                  |       |                            |
|------|----------------------------------|-------|----------------------------|
| 9:00 | Call to Order and Personals      | 9:55  | Representative's Report    |
| 9:02 | Meeting Minutes – McCoy/Sweeney  |       | Bucks for Charity – Dell   |
| 9:05 | President's Comments – Newsom    |       | Campus Campaign – Sweeney  |
| 9:20 | Treasurer's Report – Jensen      |       | FCBC – Goerler             |
| 9:26 | Office Report – Lantz            |       | Legislative Update – Hill  |
| 9:30 | Committee Reports                |       | OCHER/HPA – Wardwell, Hill |
|      | Benefits – Noltmier              |       | OPERS - Hobbs              |
|      | Fall Conference – Noltmier       |       | STRS – Hill, Gauthier      |
|      | Bylaws – Taris                   |       |                            |
|      | Communications – Wardwell        | 10:35 | Old Business               |
|      | Finance – Gauthier               |       |                            |
|      | Friendship – Dellinger           | 10:45 | New Business               |
|      | Membership – Selby/Vitt          |       |                            |
|      | Special Interests Groups – Leier | 10:50 | Adjournment                |
|      | Vice President's Report – McCoy  |       |                            |

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Please contact Jerry Newsom at [newsom.1@osu.edu](mailto:newsom.1@osu.edu) if you are not able to attend.

**Next meeting: March 8, 2016**

Cc: Tami Jones, Michele Bondurant, Pam Doseck, Karen Gainer

The Ohio State University Retirees Association  
(OSURA)

**EXECUTIVE BOARD MINUTES**

Tuesday, January 12, 2016, 9:00 a.m. - 11:00 a.m.  
Community Room, Northwood-High Building  
2231 North High Street, Columbus, Ohio 43201

<b>Members:</b>	Jerome G. Dare	Sally E. Dellinger	Howard L. Gauthier*
	Raimund E. Goerler*	Richard M. Hill	Fern E. Hunt*
	Daniel L. Jensen	Carl V. Leier	Shirley F. McCoy
	Sally W. Morgan*	Gerald H. Newsom*	Hallan C. Noltimier
	Diane M. Selby*	Thomas L. Sweeney	Marie T. Taris
	Gisela M. Vitt	Nancy S. Wardwell	
<b>Representatives &amp; Other Committee Chairs:</b>	Phyllis J. Carroll*	Don M. Dell*	Michele B. Hobbs
	Elenore R. Zeller*	Alabelle B. Zghoul*	
<b>OSU-HR Office:</b>	Michele R. Bondurant	Diana L. Lantz	
<b>Guests:</b>			

\* Not present

**Chair:** Shirley F. McCoy, Vice-President

1. **Call to Order** – 9:19 a.m. **Personals** – Deceased: Tom Rockwell, IIsedore Edse  
Bonnie Gilliom
  
2. **Minutes of December 8, 2015** (Thomas L. Sweeney) The minutes were approved as distributed. Tom noted that he would not be able to attend the February and, possibly, the March Executive Board Meetings.
  
3. **President's Comments** (Shirley F. McCoy) The OSURA Task Force on the proposed move of the OSURA connection with the University from OSU HR to the Alumni Association met recently with Chad Warren and Tami Jones.  
  
OSURA would be the third largest group if we are moved to the AA. They have societies and clubs. OSURA might not fit in either category.  
  
Chad is working with others at AA to address issues related to the transition. We expect to be able to come to OSURA Executive Board with further information, perhaps as soon as the March Board meeting.
  
4. **Treasurer's Report** (Daniel L. Jensen) Dan continues to work on the budget for FY 2016-2017. He had expected to bring it to the Finance Committee later today but the committee meeting had to be cancelled.

Dan presented his Treasurer's Report as of December 31, 2015. See Dan's written report for complete details. An excerpt of the report through follows:

Big Ten Meeting Reserve	4,000
Emergency Fund	266
Life Membership Fund	145,253
Travel	850

Strategic Initiatives Reserve	10,000
Endowment Fund (part of the permanent OSU endowment)	<u>143,797</u>
<b>TOTAL FUND EQUITIES</b>	<b>\$304,166</b>

Dan noted that financial reports as prepared by the bookkeeping service now carry "NO ASSURANCE IS PROVIDED" as now required by the American Institute of Certified Public Accounts.

- Office Report** (Michele R. Bondurant and Diana L. Lantz) No formal report but it was noted by Diana that the Directories have been mailed to the membership.

- Committee Reports**

**Benefits** (Hallan C. Noltimier) Hal reported that the Committee had a good meeting. The details of the Tax Seminar are in the current Newsletter. The next meeting of the Annual Conference Committee will be on January 21, 2016 at 9:30 a.m. at the meeting room in the Giant Eagle at Kingsdale. Hal noted that since much of what is reported at the Benefits Committee meeting will be presented later in this Board meeting his report would be brief. Hal suggested that the following report be incorporated verbatim into the minutes so as to not miss any important items.

Called to Order 9:00 AM, 8 members present. Minutes of 12/01/15 approved.

Personals; Tom Rockwell has passed away.

Update; Mervin Mueller has resigned from committee membership, Gideon Fraenkel will begin attend our meetings, Noltimier briefly expressed concerns about the merger with the Alumni Association. President Newsom updated discussions with Chad Warren (AA) and Tami Jones (HR) Further meetings are unscheduled but certain. The 2015-2016 OSURA Directories have been posted.

FCBC; no report.

OPERS report presented by Hobbs concerned approval of their 2016 OPERS budget which is financially positive.

STRS/HPA/Mitigation Rate Update by Hill reported a slight increase in asset mix for 2015. STRS contribution to retirement account as a percent of payroll is 16th lowest of the 71 states (129 plans both DB and DC) evaluated. Noltimier confirmed this from the STRS Board News Update.

LEGISLATIVE/HEALTH CARE/PENSION/FINANCIAL UPDATE by Hill concerned the Consumer Price Index (CPI), Medicare spending, rise in chronic medical conditions. and Ohio's D+ grade in the 2015 State Integrity Investigation to determine corruption in State Government.

PERI report provided by Dellinger, next meeting January 7th, 2016, Upper Arlington Library.

OCHER, no report.

CAMPUS CAMPAIGN, no report

OSURA DISCOUNTS, no report.

403(b)/457 PLANS, no report.

FINANCIAL MATTERS, no report.

ANNUAL MEETING/FALL CONFERENCE 2016 by Turner. President Dr. Drake is Keynote Speaker and Susan Evans, a new OSURA member, is in charge of Sponsor recruitment.

CONTINUING BUSINESS concerned Newcomb-Alutto who encouraged OSURA members to join the Columbus Metropolitan Club (CMC) which will offer special discounts.

NEW BUSINESS by Noltimier, STRS on February 4th, 2016, hosts at downtown office a seminar on Understanding Health Care Coverage, from 1 to 4 PM.

CONTENTS FOR OSURA NEWSLETTER focused upon the Medicare Advocacy issue concerning repeal of the "Cadillac Tax"

Meeting Adjourned at 10:30 AM.  
Next meeting February 2, 2016, 9:00AM, 319 HR.

**Bylaws** (Marie T. Taris) No report.

**Communications** (Nancy S. Wardwell) No report.

**Finance** (Howard L. Gauthier) No report. The Finance Committee meeting scheduled for immediately after the Board meeting was cancelled.

**Friendship Committee** (Sally E. Dellinger) Sally noted that the Committee continues its usual work. Please continue to send names to Sally of those who might appreciate a get-well card

**Membership** (Gisela M. Vitt) Gisela reported that the Committee had not been able to meet since October but that there will be a meeting later in January. She and another OSURA member attended the Recognition Luncheon in December, distributing OSURA brochures and having conversations with many attendees about OSURA.

For further details, including current membership numbers, see the Committee report in the Meeting Packet.

**Special Interest Groups (SIG) Coordinating Committee** (Carl V. Leier) Carl reported that the SIGs are off and running. He pointed out several upcoming activities including one on sleep disorders that will be presented on January 23, 2016. This activity is sponsored by the Health and Wellness SIG which is in need of a new leader.

**Vice President's Report** (Shirley F. McCoy) Shirley reported on upcoming events of the Travel and Cultural Arts Committees.

We need nominations for new officers of OSURA. For Members-at-Large, we need at least two nominations. Dick is willing to be nominated for another term, but Gisela and Sally will not be able to continue. For Secretary, we need at least one nomination since Tom has decided that he will be retiring from that office at the end of his current term. We also need at least one nomination for the office of Vice President and President-elect.

## 7. Representatives' Reports

**Bucks for Charity** (Don M. Dell) Diana and Michele reported that the retirees had met their goal; \$68,580 was donated by 157 donors.

**Campus Campaign** (Thomas L. Sweeney) Tom reported that there would be items on the Campaign in the February and March newsletters. The active part of the Campaign runs from March 1 to April 30, 2016. However, any gifts to the University during the 2015-2016 fiscal year will be counted as part of the Campaign.

**FCBC** (Raimund E. Goerler) No report.

**Legislative, Health Care, Pension, and Financial Update** (Richard M. Hill) Dick reported that Ohio has been ranked 3<sup>rd</sup> among the states in pension fund management.

The Consumer Price Index (CPI-W) is low, 1.5% in 2014 compared to 13.4% in 1980. The chained Consumer Price Index (C-CPI-U) is thought by some to be a better indicator of costs for retired persons since it takes into account the ability to switch, for example, from expensive beef to cheaper chicken.

[*Editorial note:* See <http://www.bls.gov/opub/hom/pdf/homch17.pdf> for the details.]

Dick reported that the Misery Index—the sum of the inflation rate and the unemployment rate—is once again a topic of discussion.

Medicare spending in real dollars may double from 2010 to 2030, due in large part to the influx of baby boomers to retirement age.

Dick mentioned the two-midnight rule for hospital stays. Patients who do not have formally admitted *inpatient* stays in the hospital that are expected to extend over two consecutive midnights do not qualify for Medicare Part A coverage of their post-hospital care in a skilled nursing facility. Patients may not be aware that they have not been formally admitted and are only in *observation status*. Be aware that this is a complicated subject that cannot be summarized in a few sentences. You or your advocate should consult with your physician or the hospital admissions staff. More complete information is available at <http://www.medicareadvocacy.org/observation-status-again/>.

See Dick's written report in the Meeting Packet for details.

**OCHER /HPA** (Nancy S. Wardwell, Howard L. Gauthier, and Richard M. Hill) Nancy announced that the next OCHER meeting would be on March 22, 2016 at the STRS building. This is a change in the date that was previously given.

**OPERS** (Michele B. Hobbs) Michele reported OPERS assets were \$87.2 billion as of November 30, 2015.

The OPERS operating budget had been approved.

Bill Winegarner, administrator of PERI (Public Employee Retirees, Inc) was recognized by the OPERS Board for his contributions over the years. Bill is soon to retire.

See Michele's written report in the Meeting Packet for further information.

**SCBS and USAC** (Michele R. Bondurant) No report.

**STRS** (Richard M. Hill and Howard L. Gauthier) Dick gave some rough numbers for STRS finances:

Total liability for pensions	\$100 billion
Funds on hand	<u>70 billion</u>
Unfunded liability	30 billion

So, we are now at roughly 70% funding. When, and if, STRS achieves 85% funding, it may be possible to direct some money to the Health Fund. The current hope is to eliminate the unfunded liability over the next 30 years.

In FY 2015, there were 8,000 teacher retirees. By now, at least 8,000 new teachers have been hired to replace the retirees. There is one active university teacher who is 96 years old. There is one 92 year old K-12 teacher still active.

The total contribution, including both employee and employer, for STRS is now, or soon will be, 28% of payroll. This places STRS at the 16<sup>th</sup> lowest position in a recent study of 71 public pension systems.

The STRS Board will attending their annual retreat this month, so there will not be a January Board meeting.

See Dick's complete report in the Meeting Packet.

8. **Old Business** There was no Old Business.

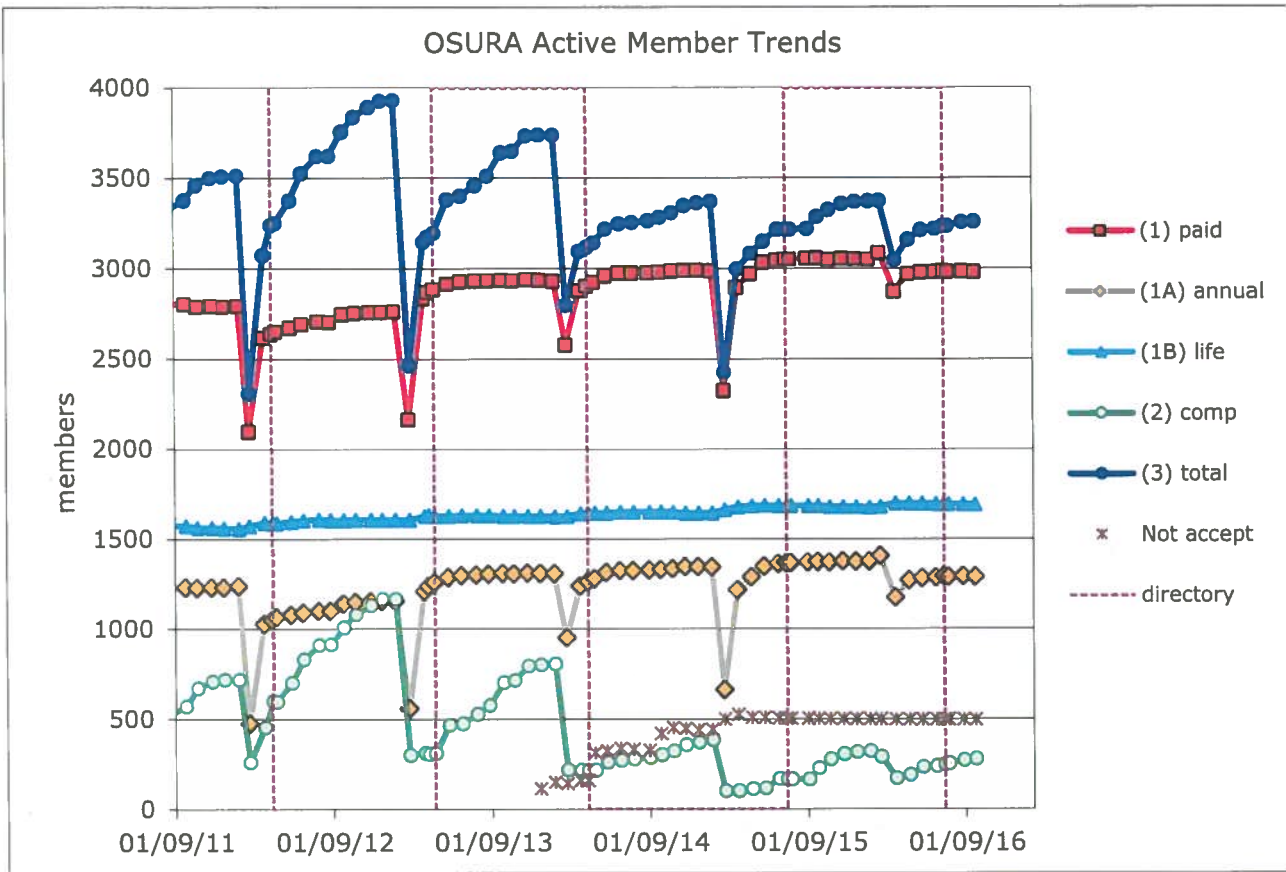
9. **New Business / Add-on Items** Jerry Dare reported that the Tertulia breakfast would now be listed on the regular Faculty Club calendar.

10. **Next Regular Board Meeting**

Tuesday, February 9, 2016, 9:00 a.m. - 11:00 a.m.  
Community Room, Northwood-High Building  
2231 North High Street, Columbus, Ohio 43201

11. **Adjournment** The meeting was adjourned at 10:26 a.m.

Thomas L. Sweeney, Secretary  
January 24, 2016



**Monthly Number of OSURA Members by Category  
(through February 1, 2016)**

paid = annual + life  
total = paid + comp

**Number of Members at Significant Times:**

	(1) paid	(1A) annual	(1B) life	(2) comp	(3) total	not accept
06/01/12	2763	1155	1608	1170	3933	annual maximum (12.0% increase)
08/31/12	2885	1258	1627	310	3195	directory
05/01/13	2937	1309	1628	802	3739	annual maximum (4.9% Decrease)
08/19/13	2904	1261	1643	214	3118	directory
06/02/14	2988	1343	1645	383	3371	443 annual maximum (9.8% decrease)
11/21/14	3051	1366	1685	166	3217	502 directory
06/26/15	3085	1405	1680	290	3375	499 annual maximum (0.1% increase)
11/21/15	2985	1291	1694	248	3233	497 directory
02/01/16	2981	1289	1692	278	3259	496 current month
01/04/16	2984	1291	1693	272	3256	497 previous month
	-3	-2	-1	6	3	-1
02/02/15	3057	1371	1686	228	3285	503 comparison with last year
	-76	-82	6	50	-26	-7

Note: Membership categories are the same as those used in the "Analysis" at the back of the Membership Directory.

**MEMBERSHIP REPORT****DATE: 2/1/2016**

<b>Membership Category</b>	<b># of Memberships***</b>	<b># of Spouses/Partners of Retirees</b>	<b>Total # of Members in This Category</b>
1. Paid Membership	1954	1027	2981
A. Annual	844	445	1289
B. Life	1110	582	1692
2. Complimentary Membership	179	99	278
3. Total (1 + 2)	2133	1126	3259
4. Associate Memberships*	26	8	34
A. Annual*	22	5	27
B. Life*	4	3	7
5. Dual Spouse Memberships*	135	135	270
A. Annual*	42	42	84
B. Life*	83	83	166
C. Complimentary Memberships**	10	10	20
6. Membership Not Accepted Membership	N/A	N/A	496

\* Included in Paid Memberships.

\*\* Included in Complimentary Memberships.

\*\*\* Some memberships are spouses/partners of deceased retirees.



**SIGs report for February, 2016:**

The meetings and activities are nicely posted in the OSURA newsletter.

Due to a ruptured-pipe with extensive flooding, the January 23, 2016 Health and Wellness SIG session on "Sleep in Health and Disease" had to be cancelled.

It has been rescheduled for March 5, 2016. Everything else about the conference remains the same: auditorium is open 8:00-12:00AM with the lectures at 9:00 and 10:00 AM; location - Morehouse Medical Center-Auditorium (2050 Kenny Road). No cost for the lectures or parking. Registration deadline: 3/3/16.

Carl V. Leier

FCBC met on January 20. Minutes are attached. Most of the meeting was a discussion of how to proceed in evaluating data of administrative hires in the last ten years. This is an effort based on the perspective that OSU has added more administration than other universities and that the rate of growth of administration has been more than the rate of growth of faculty. The committee is trying to determine from data provided by HR which administrative titles have increased the most and where those jobs have been located.

President Drake will attend the next meeting on Feb 17. Members are asked to bring questions.

Rai Goerler

**1. Ohio's Five State Retirement Systems**

**Ohio Retirement Study Council**

88 E. Broad Street, Suite 1175  
Columbus, OH 43215  
PHONE: 614-228-1346  
FAX: 614-228-0118

PENSION PROFILES

COMPOSITION OF THE STATE RETIREMENT BOARDS

	<b>PERS (145.04)</b>	<b>STRS (3307.05)</b>	<b>SERS (3309.05)</b>	<b>OP&amp;F (742.03)</b>	<b>HPRS (5505.04)</b>	
<b>MEMBERSHIP<sup>18</sup></b>	<b>Employee<sup>19</sup> Members</b> (4 yr. term)	Five Elected by the membership.	Five Elected by members and disability retirees.	Four Elected by the membership.	Four Two police officers and two fire fighters, elected by the respective group.	Five Elected by the membership.
	<b>Retiree Members</b> (4 yr. term)	Two Elected by service and disability retirees.	Two Elected by service retirees.	Two Elected by service and disability retirees.	Two One police retiree and one fire fighter retiree, elected by the respective group.	Two Elected by service and disability retirees.
	<b>Governor Appointee</b> (4 yr. term)	One	One	One	One	One
	<b>General Assembly Appointee</b> (4 yr. term)	Investment Expert	Investment Expert	Investment Expert	Investment Expert	Investment Expert
	<b>Treasurer of State Appointee</b> (4 yr. term)	One	One	One	One	One
	<b>Investment Expert</b>	One	One	One	One	One
	<b>Director of Administrative Services</b>		Director of Superintendent of Public Instruction or Designee			Superintendent of State Highway Patrol
<b>Total</b>	<b>11</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>11</b>	

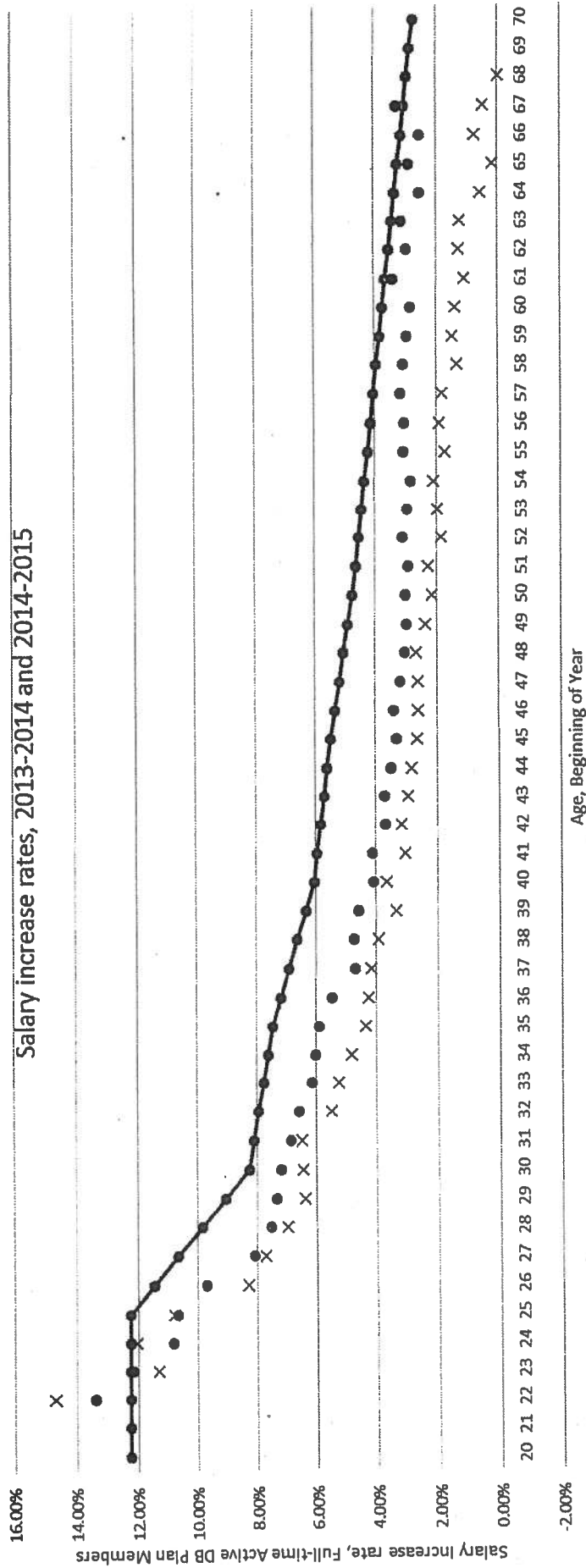
<sup>18</sup> Each of the state retirement boards annually elects a chairperson and vice chairperson from among its members.

<sup>19</sup> The five employee members designated by statute are as follows: one state employee member, one county employee member, one municipal employee member, one university and college member, and one miscellaneous employee member.

**2. State of Ohio - Teacher Salary Increase Rates**

**[ OVER ]**

# Annual Salary Increase Rates versus Assumed Rates



Takeaway: Expect an actuarial gain from salary increases being less than expected. The gain will be less than the 2014 valuation.

## January 2016 OPERS Report

As of 12/30/15 Total Assets are 86 Billion Dollars

As of 9/30/15 the Defined Benefit Quarterly Return was -4.25% and YTD was -1.52%

On December 2, 2015, OPERS' Manager of Pharmacy Benefits and Policy, Brian Lehman, testified before the U.S. House Democratic Steering and Policy Committee regarding the affordability of prescription drugs. Mr. Lehman described OPERS' efforts to manage its prescription drug cost and ensure the sustainability of the OPERS Health Care Program.

Mr. Lehman also urged the Committee to:

- Support the development of a biosimilar and interchangeable biosimilar marketplace.
- Consider how the U.S. can change from the current pay-per-pill model of buying prescription drugs to a model that is value- or outcomes-based.
- Protect OPERS' ability to use plan design and utilization management tools to manage its health care costs.

The OPERS' Government Relations team will continue to monitor all state and federal bills that affect the system and work with the various stakeholder groups to create the best possible outcomes for OPERS and our members. A few of the state bills are:

HB 248 - To prohibit certain health care plans and the Medicaid program from denying coverage for opioid analgesic drugs with abuse-deterrent technology based solely on cost.

HB 305 - To include new nonteaching employees of The University of Akron as members of OPERS.

HB311 - To base the percentage of an employee's salary that must be contributed to STRS to mitigate the effect of the employee's participation in an ARP on the average percentage used to amortize the Retirement System's unfunded actuarial accrued pension liabilities. Mitigating Rate of 0.77%.

Submitted by Michele Hobbs

Main Points Overview Relating to Retiree Members: \*

1. COLA (Cost-of-Living Adjustment) - Other (non-Social Security) States versus Ohio

**Cost-of-Living Adjustment (COLA)** 

- 22 states do not have automatic statutory COLAs
- 28 states provide for a COLA by law
  - 16 pay a COLA that is tied to actual inflation measured by the consumer price index (CPI)
    - Pay the lesser of the CPI or a maximum such as 2% or 3%
    - New York, Rhode Island and South Carolina pay only on a portion of the benefit
  - 12 pay a COLA regardless of inflation
    - STRS Ohio is one of 12 states that pay a COLA regardless of inflation

2. Service Retirement Benefit - Other (non-Social Security) States versus Ohio

**Service Retirement Benefit** 

- STRS Ohio ranks in the 50<sup>th</sup> percentile for 30-year benefits for 2015 retirees and new members

STATE	% of FAS for 30 years at age 55 for 2015 retiree	% of FAS for 30 years at age 55 for new member	Funded Ratio (2014)
Nevada	77.2	75.0	71.5
Kentucky	75.0	75.0	45.6
Louisiana	75.0	41.4	57.4
Missouri	75.0	75.0	89.3
Colorado	75.0	60.7	60.9
Texas	69.0	44.9	80.2
Ohio	66.0	41.6	69.3
Alaska	65.0	DC	54.5
Massachusetts	57.0	0.0	61.6
Maine	52.5	24.0	83.8
Connecticut	51.0	51.0	59.0
California	48.0	34.8	67.0
Illinois	46.2	0.0	40.6

3. Pension Indexes - Four Longitudinal Overviews for STRS Ohio

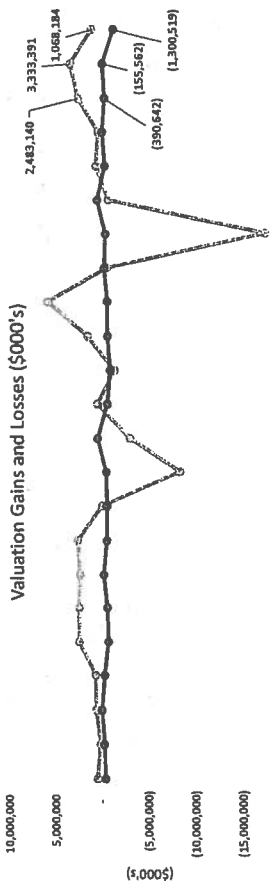
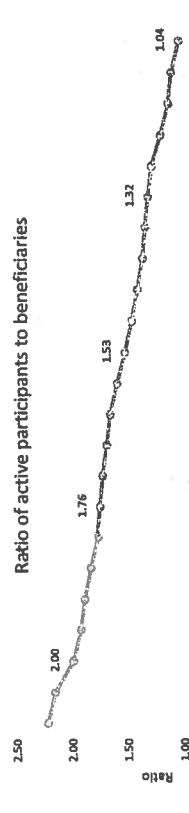
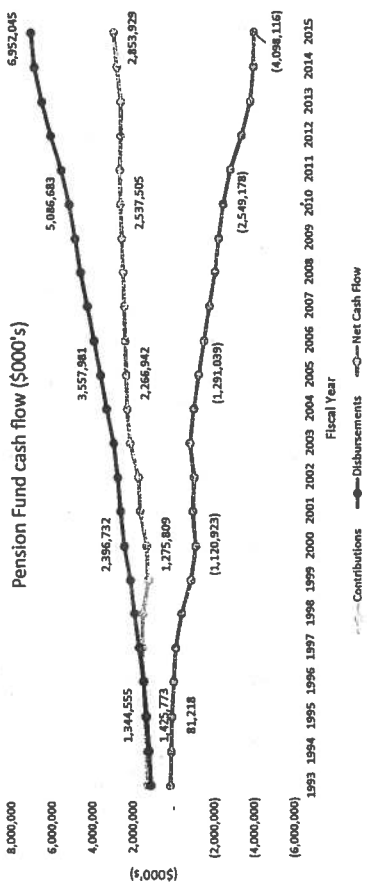
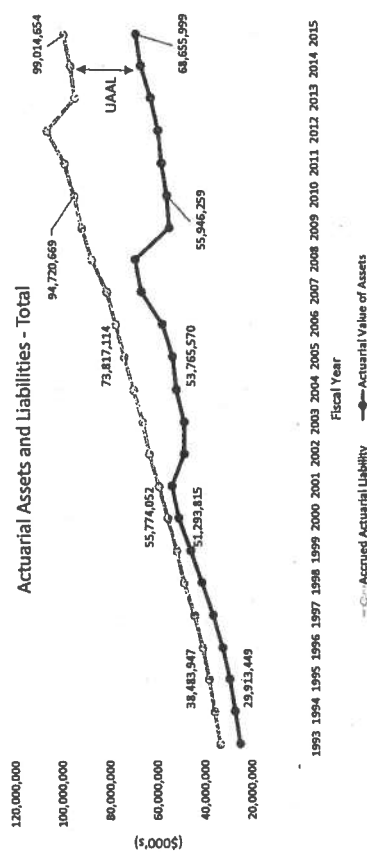
[ OVER ]

Next Regular Board Meeting: February 18, 2016 (Retreat).

\* From the STRS Executive Director's Report, and Other Sources (e.g., [news-bounces@strsoh.org](mailto:news-bounces@strsoh.org); Legislative News). Underline, bold, and/or italics have been added in some citations above.

Dick Hill / Member, OSURA Executive Board

# Pension Indexes - Four Longitudinal Overviews for STRS Ohio



Fiscal Year	Market Value Assets	Actuarial Value Assets	Liabilities	UAAL	Funded Ratio	Funding Period	Contributions	Disbursements	Net Cash Flow	Investment Gain(Loss)*	Demographic Gain(Loss)
2011	63,635,912	58,110,495	98,766,204	40,655,709	58.8%	NA	2,566,848	5,469,128	(2,902,280)	588,454	(407,475)
2012	61,261,323	59,489,508	106,301,841	46,812,333	56.0%	NA	2,511,482	5,983,570	(3,472,088)	324,840	(128,088)
2013	65,392,510	62,590,786	94,366,694	31,775,908	66.3%	40.2 years	2,491,122	6,418,276	(3,927,154)	2,483,140	(390,642)
2014	71,843,596	66,657,175	96,167,057	29,509,882	69.3%	29.5 years	2,702,249	6,786,007	(4,083,758)	3,333,391	(155,562)
2015	71,377,579	68,655,999	99,014,654	30,358,655	69.3%	28.4 years	2,853,929	6,952,045	(4,098,116)	1,068,184	(1,300,519)

\*Investment Gain(Loss) is the difference between the actual return and the assumed return of 7.75% on actuarial assets.