**Benefits Committee Report to the Executive Board for June 2021**

**By Carol Newcomb-Alutto and Marie Taris**

**Reports:**

**FCBC** – Hal Moellering reported on the content of FCBC zoom meeting of May19 which included a discussion of the OSU Compensation statement being developed with the Provost. Their committee is looking to administration for benchmarks and the issues seem to be around gender equity and salary compression. Hal is glad to see the new President so engaged with FCBC.

**OPERS –** Marie read the report submitted by Bev Maselli which included a discussion of OPERS investment portfolio Risk parity strategy.

 **STRS/HPA -** Jerry Newsom reported that the suspension of COLAs triggered opposition to the two incumbent Board members who had been elected by retirees. Both ran for re-election this spring for another 4-year term, but only one, Bob Stein, made the cut. Rudy Fichtenbaum, who is the successful challenger, will take office in September and is likely to make Board meetings more interesting.

Several items of unusual interest were presented at the May meeting of the STRS Board. Investments from July 2020 through the end of April have returned a remarkable 24.35%, and assets increased by $14.8 billion to $91.8 billion. STRS finances look so much better than they looked a year ago. Jerry also discussed the impact of what Cheiron consultants recommended for the assumed rate of return of 7%. Action to lower STRS expected investment rate of return causes plan finances look worse. The 14% of salary contributed by both employees and employers is much less than expenditures; the difference is called the cash flow. The shortfall is covered by investment earnings which is why the investment rate is so critical. Jerry shared a chart showing that STRS’ cash flow is worse than most other large public plans and speculated about how Ohio might consider covering the shortfall.

**Legislative News and Reports from Other States -** Jerry Newsom reported that a few states have retirement systems where assets come close to projected liabilities. A few states have plans in severe economic straits. Ohio has avoided being in either extreme. A few states (e.g., Florida) are considering replacing their defined benefit plan with defined contribution. Massachusetts reduced its assumed rate of return from 7.25% to 7.0% and Vermont is wrestling with how to address a $3 billion shortfall in its pension systems. One group studying the deteriorating pension systems in Illinois concluded that state and local governments will shift more of the pension costs to schools, colleges, and universities.

**OCHER –** Nancy Wardwell reported that 20 representatives of state institutions met for a five-hour zoom meeting last week.. Nancy said that much of what was covered was the same STRS report that Jerry Newsom presented to the Benefits Committee and that he has done a great job in keeping OCHER updated on STRS. There were also health care updates from OPERS and STRS representatives. Shawnee State and Central State University did not participate. Meg asked how Wright State and Akron were doing as we hear that enrollment and employment are down. The Akron representative seemed to know nothing and had no update.

**PERI –** Sally Dellinger said that the in-person meetings have not begun yet but she does review the PERI Newsletter. PERI supports the OPERS freeze on COLAs and generally supports the goals of OPERS to protect the pension system into the future. They continue to clarify that the organization that advertises to retirees called “Pop 5” is not affiliated with PERI.

**Elder Care – Meg Teaford shared a report on** the “Rights of Patients of Nursing Homes and Assisted Living”. Under the Older Americans Act, each state is required to set up a long term care ombudsman program to address residents’ and family complaints and advocate for improvements. The primary responsibility of the ombudsman is to investigate and resolve resident complaints and also to educate the public and more. Her report had a list of the rights and information on how to contact the ombudsman in Ohio,

**Financial Matters –** In the **Statistics** section ofDoug Jonesreport he noted that private and public fund investment activity indicates that there seems to be greater support for climate change and a green boom. He also reflected on how infrastructure stocks are likely to be major beneficiaries if the federal bill on infrastructure now being discussed is passed.

Doug shared an estimate that there are 30 million fewer people in the rich world countries who are working than before the pandemic.  This makes for a huge cost in wages, productivity, and health. In the U.S. case the “disappearing worker” phenomenon has complex explanations, but blaming it on unemployment insurance as leading to shirking work is probably incorrect as a major factor.

As to U.S. help in a global effort to combat the pandemic there is more that might be done.  One is to lessen Intellectual Property protection regarding vaccines and associated techniques country by country.  Waiving patent rights and reducing export control barriers on raw materials and ingredients would be another. These actions would allow worldwide production of known vaccines to exceed the 14 billion doses now estimated to be produced during 2021.

Among his **Findings**, Doug suggested that imposing sanctions of various kinds on other countries we are displeased with probably should not be a central tool of foreign policy as they tend to be ineffective and can be a double-edged sword leading to retaliation, pushback, counter measures, and collateral damage. Doug shared a few domestic items of interest including a recent poll on when persons are planning to retire, which home improvement projects increase home value (new garage doors are among the most beneficial) and that the pandemic has pushed up the cost of buying used cars, SUVs and trucks.  On the lighter side he notes that two MIT professors invented a super slippery surface for packaging, now first used by Colgate-Palmolive to get all the toothpaste out of the tube.

**Fall Conference –**Sally Dellinger said that everything is moving along for the September conference. Waiting to see if it will be face-to-face or zoom; the Fawcett Center is still hoping to host if guidelines permit. Thanks to Meg, the sponsorships are strong; plans for the tours are moving along. The schedule will be in the Newsletter.

**SRA Working Group –** Hal Moellering reports that the working group is working on interpreting the Fiduciary Responsibility statements in the recent ROC Investment Policy Statement, examining plan fee structures and transparency issues and considering the possibility of an HR-sponsored webinar for those OSU retirees still holding legacy SRA accounts.

**Update from President Dare—**Reminder of the face-to-face Tertulia luncheon at the Faculty Club on June 22—sign up. Preparations are being made for the OSURA Annual meeting on June 30. There is still no nominee for the position of OSURA representative to FCBC.

**New Business—**Marie discussed our last meeting idea to find a way to provide small sessions on technology to members. Best way would be face-to-face hands on but there might be other possibilities on zoom (so far she finds the instructors talking too fast to follow). She asked if anyone has used a video to help with IT issues. Nancy thought it would be great if we could get a team together to help individuals (1 on 1). Meg was thinking a team from OSU would be great. Doug mentioned that if OSURA could provide assistance in IT to members it might grow the membership.