OEA Retirement Systems Update
Report to the OEA Board of Directors: June 2024

Please distribute to other OEA members

Field Hearing on GPO-WEP Repeal Offers Opportunity for Advocacy

U.S. Senator Sherrod Brown has announced a field hearing on the Social Security Fairness Act (S. 597). This is vital legislation Senator Brown has sponsored that would fully repeal the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP). These provisions of federal law unfairly punish public service by reducing the earned Social Security benefits of retirees who collect a public pension in states like Ohio.

The Senate Finance Subcommittee on Social Security, Pensions, and Family Policy hearing will be held on Friday, June 7, 2024, at the Columbus Firefighters IAFF Local 67 Union Hall (379 W Broad St, Columbus, OH 43215). The hearing is scheduled from 10:00 a.m. to noon. OEA is strongly encouraging members to attend the hearing, click here to let us know you plan to attend the hearing.

OEA is also asking members to submit testimony in support of the legislation to repeal GPO and WEP to the subcommittee. Any individual or organization wanting to present their views for inclusion in the hearing record should submit in a Word document, a single-spaced statement. No other file type will be accepted for inclusion. Title and date of the hearing, and the full name and address of the individual or organization must appear on the first page of the statement. Statements must be received no later than two weeks following the conclusion of the hearing. Statements can be emailed to: Statementsfortherecord@finance.senate.gov

The NEA website has additional resources on the issue. Click here to view the toolkit on GPO and WEP.

STRS Board Update: AG Files Suit Against Two STRS Board Members, Board Elects New Chair and Vice Chair

Attorney General Dave Yost has filed a lawsuit seeking to remove two members of the STRS Board following serious allegations about their potential involvement in trying to promote risky investment schemes. In a recent message to members, OEA President Scott DiMauro stated, "OEA is very concerned about allegations in the whistle-blower documents and in the state's lawsuit. We look forward to learning the full truth of the matter as the AG's investigation moves forward."

Meanwhile, the STRS Board voted 6-5 to replace the Chair and Vice Chair of the Board. On Wednesday, May 15, 2023, after several motions and debate, the STRS Board voted to create a new board policy allowing for the removal of the Chair and Vice Chair with a majority vote. Subsequently, Dale Price and Carol Correthers were removed as Chair and Vice Chair, respectively. Rudy Fichtenbaum was elected Chair and Elizabeth Jones was elected Vice Chair. Those terms are to run through August.

In other Board news, Michelle Flanigan was elected to a four-year term representing contributing members of the system. Flanigan defeated OEA-recommended candidate Sandy Smith Fischer with approximately 85% of the vote. Flanigan's term will begin on September 1, 2024.

STRS Investigates COLA and Inflation Protection

At its regular May meeting, the STRS Board passed a motion to direct staff to gather information about potential benefit changes. The Board directed staff to explore the feasibility of providing a one-time supplemental benefit to retirees in December 2024, serving as a form of inflation protection. Additionally, the motion called for an accelerated review of the upcoming actuarial valuation. The Board hopes to hear from the actuary in November as to whether funds would be available to offer some amount of a one-time cost-of-living allowance (COLA) for the 2026 fiscal year.

Actuarial Valuation Shows OPERS 84% Funded

OPERS ended 2023 with a funded ratio of 84% for the defined benefit pension plan. Further, the amortization period, or amount of time OPERS is projected to pay off its unfunded liabilities based on current assumptions, was 15 years. State law requires this funding period to be no greater than 30 years.

The Board's actuary, Gabriel, Roeder, Smith & Co., noted that the funded ratio remained the same as the previous year, while the amortization period declined by one year. The investment return on a market-value basis was 11.06%, which was greater than the assumed rate of 6.9%. Investment gains and losses are smoothed into the valuation over a four-year period.