

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

Please distribute to other OEA members

STRS to Make Additional Payment to Retirees in December

The STRS Board voted on Thursday, October 17, 2024, to pay a “supplemental benefit payment” to system retirees in December. State law allows STRS to provide such a payment, but it had not been utilized since 2000. Supplemental payments will be paid to those who have been retired for a year or more and will come as a separate payment in December. Some may remember this type of payment as a “13th check.”

The supplemental benefit payment differs from a cost-of-living allowance (COLA) in a number of ways. It is a one-time payment, whereas a COLA is an increase that is factored into future benefit payments. The eligibility and calculations are also different. A COLA is a percentage of a member’s base benefit and STRS members who have been retired for five or more years are eligible for COLAs under state statute. The supplemental benefit payment is calculated based on multiplying a dollar amount determined by the board by a member’s number of units (the number of years of service plus the number of years the member has been retired). Based on strong investment returns, the Board’s actuary determined that the fund was in a strong enough position to consider the payments but that it would factor into the “budget” for benefit improvements available.

The Board voted to approve supplemental benefit payments with a multiplier of \$40 per unit. Based on this, the average gross payment will be \$1,720. The amount is taxable, and taxes will be withheld. The total cost of the supplemental benefit payments is estimated at \$306 million. The Board indicated this will use a portion of the anticipated budget available and will allow the Board to consider retirement eligibility changes at a future meeting.

STRS Board Chooses Consultant and Seats New Board Appointees

On Wednesday, October 16, 2024, the STRS Board voted to select Global Governance Advisors (GGA) as a consultant for board governance. In May, STRS issued a request for proposals (RFP) seeking a consultant to assist the board with recommendations related to board policies, strategic planning, education, and enterprise risk management.

STRS received proposals from six potential consultants. STRS staff narrowed the list of candidates to two based on their proposals, but Board Chair Rudy Fichtenbaum pushed for a third proposal, from the Hackett Group, to be considered. Hackett had the highest price, lacked relevant experience and insufficient references. Nevertheless, Fichtenbaum and others on the Board continued to voice support for them. It was later revealed through a public records request that a member of the Hackett Group was sending messages to Fichtenbaum after the RFP was posted, a violation of STRS policy and state ethics laws. Ultimately, the Board voted to approve GGA instead. To see some of the reporting on this and related issues, click [here](#).

The October meeting was also the first meeting for two new appointees to the STRS Board. Jonathan Allison was named as the Governor's appointee to the Board. He replaced the previous appointee, Wade Steen, whose term had expired. Allison previously served in state government as the Chief of Staff to Governor Bob Taft. Additionally, the Department of Education and Workforce (DEW) named Carolyn Everidge-Frey to the Board as the new designee for DEW Director Stephen Dackin. Dr. Scott Hunt previously held the role.