



OCHER OUTLOOK

The Ohio Council of Higher Education Retirees

Welcome to **OCHER OUTLOOK**, a periodic publication to shared information pertaining to OCHER, ORTA, STRS, OPERS, SERS, Governmental, and campus information pertaining to The Ohio Retirement Systems.

WINTER 2009

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TED J. Foster
Ohio Council
of
Higher
Education
Retirees

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2008-2009 OCHER OFFICERS

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ROBERT GANDEE
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VELMA POMRENKE

FROM THE PRESIDENT

TED J. FOSTER

From the OCHER President's chair, the OCHER season for the 2008-2009 year has been pleasant and productive because of the excellent work of our members, the STRS staff, and the support of our institutions. I've personally had fun and I look forward to our remaining meetings.

The year in OCHER began with our augmented Executive Committee planning session as guests at Lou DiOrio's tree farm on July 22. The initial decision at the session was to continue at the September, November, and March meetings the excellent reports we receive from our committee chairs on legislative activities, Health Care Associates, the STRS Board, and the ORTA board and executive committee meetings. In addition to these "regular" events we developed a plan for each meeting of the year. Our September program was to focus on Mike Nehf's role as the new Executive Director of STRS and his plans for the system. We also introduced several OCHER organizational matters and began the process of resolving them. At our November meeting we planned to have Steve Mitchell discuss the investment processes at STRS as well as having Karen Doty brief us on the Board of Regent's plans for Ohio's higher education institutions. Our plans for the March meeting focus on the health care issues. Greg Nickell, Director of Health Care for STRS will be the principal speaker. We also hope to update portions of the OCHER strategic plan, and wrap up the organizational issues carried over from the September meeting. For May, Lou DiOrio and Dick Hill have been working hard to organize an interstate conference on Social Security exempt state retirement systems in which there are significant numbers of higher education retirees.

We look forward to seeing you on March 17, 2009, at 275 East Broad Street in Columbus at 9:00 a.m. and again on May 19, 2009 for the first interstate conference on social security exempt retirement systems.

OCHER ADVOCACY REPORT

DICK HILL

The Autumn of 2008 As a "Teaching Moment"

As retirees, nothing captures our attention like fiscal turmoil. Questions become more focused; positions are more closely scrutinized; and the unexpected is probed for deeper meanings. Such is the case this autumn of 2008, as illustrated by three examples:

1. Just how secure is my benefits account ? In October, the following perspectives addressed this very question: "... STRS Ohio has the liquidity needed to pay pension benefits when they are due near term." Further: "... the accumulated assets and income from employer and member contributions (will) allow us to continue to do so over the long term." Best and wisest advice from this same source was (and is): "This is not a time for knee-jerk reactions." (*Director's Report to the Board, October 2008*) The professional investments staff is trained to be objective in such times, and, indeed, to use them for exploring exceptional opportunities.
2. Would you exchange your defined benefits (DB) plan for an IRA based program today ? Although the public has been told repeatedly over the past few years that defined benefits plans are dinosaurs of the past, when tested as these times do, a lot who don't have them today wish they did. But even apart from these moments, over the long haul defined contribution (DC) plans do not seem realistic as primary retirement platforms for most.

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OCHER Hall of Fame

Chalmer Hixson
The Ohio State University
Jim Richard
Medical University of Ohio
Chuck Carlson
Ohio University
Lancelot Thompson
University of Toledo
Ray Skinner
Ohio University
Mary Stonecash
Wright State University
Tom Ridenour
The Ohio State University
Sam Cooper
Bowling Green State University
Myra West
Kent State University
Ben Yozwiak
Youngstown State University
John Mount
The Ohio State University
Lou DiOrio
The Ohio State University
Bob Niedzielski
University of Toledo
Richard Edwards
Bowling Green State University
Genevieve Stang
Bowling Green State University
Harold Williams
Kent State University

OPERS Health Care Plan Update

The Ohio Public Employees Retirement System is pleased to partner with OCHER and provide news and updates concerning the OPERS health care plan within this newsletter. For each issue OPERS will create a timely communication aimed at helping our retirees to fully understand and utilize their coverage under the OPERS health care plan. Please contact OPERS at 1-800-222-7377 with questions or for further information.

HEALTH CARE

LOU DIORIO

STRS Health Care Program

The Health Care Stabilization Fund (HCSF) currently is about \$2.8 billion. It is down from \$4.0 billion a year ago because of recent market volatility. Unlike the pension fund, the HCSF has a much shorter time horizon, which complicates the ability to recoup previous market losses. House Bill 315 was designed and introduced to provide dedicated funds to the HCSF. H.B. 315 or a similar bills introduced this session would stabilize the HCSF over a period of time and would provide a 30-year unfunded liability. Health care premiums are subsidized for benefit recipients who qualify and sign up for one of the STRS health care plans. The subsidy funds come from the HCSF. Therefore the HCSF is diminished because of the subsidies, the loss of investment earnings to the fund, and the cost that is paid out for medical expenses and drugs for STRS to be a self-insured program.

STRS is working on a strategic plan for the Health Care Program. A daylong education session for board members was held on Friday, December 12, 2008. The agenda included presentations comparing the current program to the marketplace; current funding status of the program; and factors that can affect the long-term solvency of the HCSF, which is the fund that supports the health care program. Major points made during the day's discussion included the following: 1) STRS pays nearly \$1.5 million per day in health care costs; 2) Total health care administrative expenses and fees account for less than 5% of total health care expenditures; 3) Non-Medicare enrollees account for only one-third of the enrollment, yet represent 50% of the total claim costs; 4) Future strategies to control costs will likely vary for Medicare and non-Medicare enrollees and for medical versus drug coverage (for Medicare enrollees, STRS is the secondary payer); and 5) The four factors that can affect the solvency of the HCSF are funding, eligibility, premium subsidies, and benefits. Without a significant increase in funding through additional member and/or employer contributions (H.B. 315), fundamental changes will need to be made to sustain the health care program for the long term.

ADVOCACY REPORT CONTINUED FROM PAGE 1

Such statements as this one are unmasking the risks related to DC dependence: "In general . . . the vast majority of workers now reliant on 401(k) plans will not build balances sufficient to adequately supplement Social Security – even if they contribute for 40 years – unless they and/or their employer significantly increase the amounts they contribute to 401(k) plans." (See: *Human Resources Executive Online – Story*, <http://www.hreonline.com/HRE/story.jsp?storyId=131989821>)

3. A (Social Security) COLA Surprise The Social Security Administration recently announced a COLA increase for 2009 of 5.8%. Such a departure from the very modest increases of the past several years, invites questions not asked in recent times, such as: Has such an increase ever happened before? History does show us that COLA's did in fact reach double digit levels in the 1980's. But recalling the inflationary and interest rate crises of that time, are we sliding in a similar direction today, or perhaps some not too savory variation of the same? As it is often said, only time can tell – in the meantime, however, enjoy your 5.8% - while it may still mean something.

Dick Hill, Chair, OCHER Advocacy Committee

THE VIEW FROM THE CAMPUS

AKRON: In September 2008, The Association of the University of Akron Retirees (AUAR) entered its 10th Anniversary year beginning with a Kick-Off Luncheon attended by more than 100 members and guests. A digital display of photographs chronicled 10 years of activity by the organization. An important goal of this 10th Anniversary year has been the creation of an AUAR Scholarship. The first award was presented to student

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OHIO COUNCIL OF HIGHER EDUCATION RETIREES VISION AND MISSION

2008-2009 OCHER COUNCIL MEMBERS

- James Fee, Akron
- Robert Gandee, Akron
- Alberta Hensley, Akron
- Ed Lasher, Akron
- Hank Netting, Akron
- Velma Pomrenke, Akron
- Roger Anderson, BGSU
- Genevieve Stang, BGSU
- Barbara Schare, UC
- Dan Dell, UC
- Henry M. Barlow, CSU
- Jim Kweder, CSU
- Glending Olson, CSU
- Myra West, KSU
- Harold Williams, KSU
- Doris Simonis, KSU
- Marty Miller, Miami
- Kay Scholtzinger, NEOUCOM
- Lou DiOrio, OSU
- Virginia Gordon, OSU
- Richard Hill, OSU
- Tom Ridenour, OSU
- William Studer, OSU
- Tom Sweeney, OSU
- Robert Warmbold, OSU
- Tom Willke, OSU
- Ed Baum, OU
- Charles Carlson, OU
- Ted J. Foster, OU
- George Kertz, UT
- Bob Niedzielski, UT
- Keith K. Schlender, UT
- Lance Thompson, UT
- Nicholas Davis, WSU
- Louis Falkner, WSU
- Tom Kane, YSU
- Tom Shipka, YSU
- Bernard Yozwiak, YSU

THE VISION:

The Ohio Council of Higher Education Retirees will be an effective organization enabling it to share ideas for the improvement or establishment of individual university retirees' associations and speak on issues important to its members. It will be recognized by other major retirees' associations throughout Ohio.

THE MISSION:

Serving as a forum, the Ohio Council of Higher Education Retirees will strive to enhance existing Programs and help other Ohio higher education institutions establish their retirees' association and, in consensus, take positions on benefit issues and other matters that concern the welfare of the group as a whole.

VIEW FROM THE CAMPUS continued from page 2

Sarah Vue, a senior majoring in Mid-Level Education with concentrations in language arts and math. Through Board meetings, Newsletters and E-mail the membership is alerted to pension boards information and legislative activities that are of importance to retirees.

Monthly luncheon/speaker events have been designated as the 2008-2009 Dr. Robert E. Ferguson/AUAR Luncheon Series in honor of the late Dr. Ferguson, the first president of AUAR. These meetings and social events round out our AUAR activities.

Velma Pomrenke

Bowling Green State University: The Bowling Green State University Retirees Association (BGSURA) is in the same position as many others are around the world. The economic downturn on top of other negative happenings do not paint a bright picture. However, there is always hope and another tomorrow. Also, there always is the need to do the best to continue an educational system that will provide opportunity for hope.

Bowling Green State University was facing an extreme period even before the crash of the financial markets. The resignation of President Ribeau added to the long list of openings which included several dean positions and which remain unfilled. This list has been extended with the resignation of the Provost and Vice President for Academic Affairs as well as the President for Economic Development and Regional Growth. Like many other institutions BGSU faces a grim budget shortfall and has begun reductions including administrative staff positions and potential cuts in part-time faculty, but so far tenured faculty have not been affected. Given the dire outlook from the state level, the hope for increased funding is dim. More recently, Dr. Carol Cartwright, who has served as the recent Interim President, was named President of BGSU. During her tenure as Interim President, she was well received and maintained a steady hand managing the challenges confronting the University. However, forty three administrative positions have been given notices of non-renewal in order to meet the required deadlines. The Classified Staff are operating on a "bump" procedure. Several programs, two dealing with community involvement, have been dropped. Renovation plans have been put on hold. Yet, a new position aimed at increasing enrollment has been filled.

There are some reasons for hope. The College of Business Administration's Dallas-Hamilton Center for Entrepreneurial Leadership has just announced its first grant through its privately funded New Venture Opportunity program. The University is preparing to celebrate its 100th anniversary while the city of Bowling Green is winding down its 175th anniversary. Dr. Gary Hess was the Convocation speaker September 18, 2008 reviewing the events associated with each of the BGSU Presidents during the decades since its establishment. Hess also spoke of the challenges of preparing his soon to be completed book on the history of the University. In light of the administrative cuts, the BGSU Human Resources Office

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OUR FEATURED INDIVIDUAL



Lou DiOrio, D.D.S., M.S.

To those of us who are associated with the Ohio Council of Higher Education Retirees (OCHER), Lou DiOrio is known as “Our man in Columbus.” Living in Columbus, Ohio, Lou is a natural to represent OCHER and attend the various board and committee meetings affiliated with state government and the retirement systems that might have an impact on the well being of our members’ pensions and retirement plans.

If engagement is the hallmark of successful retirement, Lou is retiree extraordinaire. A perusal of his daily calendar is mind boggling, for one is challenged to find an open block of time in his daily planning booklet for the coming month. Lou did not miss a step when moving from his full-time, faculty position in The Ohio State University College of Dentistry to retirement. As Professor Emeritus since 1995, he has served as Representative to Faculty Compensation and Benefits Committee; President, Ohio State University Retirees Association; Chair, Big Ten Retirees Association; President, Ohio Council of Higher Education Retirees; and the OCHER representative to ORTA. Lou keeps his mind and feet moving in retirement!

Lou grew-up in the Mahoning “Steel” Valley graduating from high school in Youngstown, Ohio, and subsequently, completing his Bachelor of Arts Degree at Hiram College, Hiram, Ohio. He holds two Masters of Science Degrees from the University of Illinois (1955) and Massachusetts Institute of Technology (1968). Along the way, Lou earned his D.D.S. from The Ohio State University (1964). As an undergraduate at Hiram College, he was quite a football guard making All -Conference during his Senior Year. When lecturing, DiOrio often calls upon the analogies from his football experiences to illustrate the point at hand.

In his work career, as in retirement, Lou always found himself at the vortex of the task at hand. He has never been one to let George do it. He was the Chair of his Department and Assistant Football Coach at Illinois Wesleyan University and Youngstown State University subsequent to receiving his first Masters Degree from the University of Illinois. At The Ohio State University, DiOrio retired as Chair of Community Dentistry with administrative responsibilities for overseeing all courses in General Dentistry, Geriatric Dentistry, and General Practice Residency Program.

For relaxation, Lou returns to his tree farm of several hundred acres south of Youngstown in Columbiana County, Ohio. Here with his wife and family, in the rolling hills of Columbiana County, he finds the quiet moments to rest and re-energize the mind.

OCHER is most fortunate to have Lou DiOrio as a member. We, who work closely with Lou in OCHER, are appreciative of his vision and vibrancy that he brings to the table. Thank you Lou for being there! The Editors

OHIO RETIRED TEACHERS ASSOCIATION (ORTA)

OCHER is now District XII of ORTA. Over the years at both the State and Federal levels, the representatives of ORTA and OCHER found themselves promoting and addressing the same issues and concerns associated with their respective members’ pension funds. Because of these mutual concerns, it was only logical that the two organizations formally collaborate and economize resources. OCHER is now District XII of the ORTA family with current representation on the ORTA Board of Directors and Executive Committee. In this collective manner, the clarion, teacher advocacy voice speaks directly to legislators in the Columbus and in Washington, D.C., and to political and business leaders throughout the State. Our eternal vigilance is required to maintain the integrity of your pension funds. Formal affiliation with ORTA provides the necessary collaborative vigilance and sentinels, and also benefits you through education opportunities, information sharing, support, and numerous opportunities to express your thoughts and opinions. Your individual and collective memberships in ORTA and OCHER assure the maintenance of these collaborative efforts. You are needed for the vitality of ORTA and OCHER through your campus OCHER affiliated retirees’ association. **Join today!!**

VIEW FROM THE CAMPUS CONTINUED FROM PAGE 3

has removed a retirement service provided for individuals approaching retirement. BGSURA will offer a restructured version of this much appreciated process, **Retirement Information Volunteers**, which promises to be a valuable service for navigating future retirees through the pile of paper work and planning on their way to retirement.

BGSURA will continue to support endeavors aimed at maintaining our pension and health care programs as the new legislators begin their terms and will look forward to what change is ahead of us.

Genevieve Stang