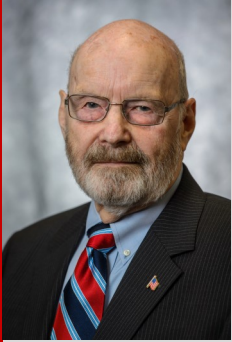


# Protect Ohio Pensions 2nd Quarter 2021

*Retirees & Current Employees Working Together to Preserve Ohio's Public Pensions*

## Insight From the Administrator

By William I Winegarner



### The Focus

The focus of Protect Ohio Pensions is the stability of Ohio's five public pension funds. Why? Because the value of our members' pensions and benefits depends upon their pension system being well funded.

Prior to 2016 all existing retiree associations were formed to get their members more benefits. That activity has now become an exercise in futility. Allow me to explain why.

Let's use the example of a family giving their children an allowance for work done around the home. As long as the family has sufficient funds, the plan works well; however, due to no fault of their own, the interest on their mortgage goes up, the roof springs a leak, and the car breaks down.

The family is now facing a dilemma. If they stop paying on the mortgage, they lose the home. If they don't fix the leaking roof, water damage will ruin the home. If they don't fix their car, they have no way to get to work and the result will be the loss of family income. Their remaining option is to cut back on what they are paying the children. Even though the kids will become unhappy, they will still have a wonderful home in which to live.

Continued on page 2

## The Legislative Report

By Steve Buehrer, Esq.



### Checking the Checkers

When I worked with a former Governor, he would continually ask, "who's checking the checkers?" His meaning was that even if you have good people and systems overseen by more good people, you still must have other levels of "checking" or accountability to ensure that there is sufficient oversight.

Seemingly, every day we read stories of individuals, companies and even public agencies being victimized by malfeasance or outright "crooks." People cook-the-books to steal funds, hack computers to steal personal information or freeze computer systems and demand payments. Alternatively, even bad management or poor decisions can lead to the loss of company dollars or public funds. No system, rule or statute will prevent every type of misfortune that could strike.

As we think about the public pension systems, I am struck by the numerous layers that have been put in place to ensure that "things are being done right." The Ohio Revised Code sets forth strict practices and procedures that must be followed. Leadership in each of the systems must follow well-detailed practices that govern operations. Annual reports and periodic financial information must be released to show how dollars are entering and leaving the system. Furthermore, detailed reporting is done on the investment portfolios that describe how funds are invested and what goals and benchmarks have been set to measure success. All of these reports and documents are available for inspection by members of the public as well by groups like POP5.

In addition, all of the pension systems have auditing procedures as well as internal audit functions to identify financial and operational concerns. Layered on top of these internal controls are a variety of audits that take place to ensure the integrity of the information and procedures that the systems have in place.

Continued on page 2

## RETIREES & WORKERS

**Insight: Continued from page 1**

Now, the kids could spend their time objecting and complaining.

The older ones could suggest they receive the same, and the younger ones less. Some could claim the father overspent on roof repairs and auto mechanics. Others could claim that the mother should have insisted that they borrowed from a mortgage lender with a lower rate.

No matter what the objections, the parents still have the responsibility to do what is best for the entire family.

So here is the question: Does it benefit the children to remain unhappy and complain, or would it benefit them more to become part of the solution by helping the parents?

Being part of the solution is why the focus of Protect Ohio Pensions is the stability of the pension funds. That does not mean we have forgotten the other issues like loss of COLA, health care, and government offsets; but we are insightful enough to concentrate on first things first, and that means helping protect our pension system.

If you understand what I just explained, it would be helpful if you would help us explain it to your friends and relatives who are working, or have worked, under government employment in Ohio.



## STANDING TOGETHER

**Legislative: Continued from page 1**

State auditor over sight coupled with external audits, actuarial audits, fiduciary audits and a host of other oversight mechanisms are in place to monitor that all of the systems' activities are within the law and good practice.

In addition, several public bodies constitute an additional layer of checking. Each public retirement system has a board that is comprised of elected and appointed members who represent different groups impacted by the system as well as experts in finance and other disciplines, who bring ongoing oversight. These boards review audits, hear reports and, at times, utilize consultants to advise and help raise questions on behalf of the board.

On top of these governing boards, sits the oversight of the General Assembly and its various committees. The General Assembly establishes the laws of Ohio that regulate the pension systems' operations and existence. Additionally, the General Assembly, as it does on many issues, serves as an overseer. In general terms, the state legislature is quite sensitive to concerns of citizens and reports of happenings throughout the state. When people or organizations raise concerns, the members of the General Assembly will take notice and may even investigate. The General Assembly has also created a standing committee, the Ohio Retirement Study Council (ORSC) that oversees the pension systems as well as analyzes legislation for its impact. This body is comprised of legislators from both parties and both chambers. It also has members appointed by the Governor; the executive directors of each pension system also sit as "ex officio" members. As recently as its May monthly meeting, the ORSC heard reports from its oversight consultants, issued several independent audit requests and heard accountability reports from the executive directors.

When looking at all of these requirements, procedures and oversight bodies, one should be reassured that a number of people are watching the pension operations closely. Even though these "checkers" exist, organizations like POP5 provide one more additional safeguard in overseeing the systems' operations. As described very well by the executive director in his column this month, POP5 exists to ensure that the systems are allowed to operate in a way that maintains the stability and sustainability of public pensions.

Continued on page 3

Continued on page 4



**Maryfrances Kamyar**  
COO/ Assistant Director

### Current Activity

We have been in contact with the Government Relations offices of the three major pension systems. The following are some of the issues we discussed that require our members to have some background knowledge.

Two US-House and two US-Senate bills have been introduced to impose a financial transaction tax on the sale or purchase of stocks, bonds, and derivatives.

**Current Activity: Continued from page 2**

As written, public pension plans would not be exempt. The legislation, if enacted, would create substantial financial liabilities on our pension systems, and that severely impacts their stability and ability to continue providing us with meaningful benefits.

An analysis of these proposals estimates that these taxes would raise hundreds of billions of dollars over a decade. The almost \$1 trillion in new revenue looks very attractive to a government that just gave away trillions of dollars they didn't have.

In the political environment of "make the rich guys pay" we must never forget that our pension systems are considered "one of the rich guys."

Any money that our pension system loses, or pays in taxes or fees, is our money, and definitely impacts what we receive in benefits.

During this past year, there has been a lull in efforts to force defined-contribution legislation; however, we do remain vigilant since groups like the Arnold Foundation and the Buckeye Institute aren't going to stop pushing that issue going forward.

We are seeing slightly more noise about mandatory Social Security coverage for non-covered public employees like those in Ohio.

Mandatory Social Security, like defined-contribution pension plans for current workers, strips our defined-benefit investment fund of the inflow of new cash. This loss reduces the amount our pension system has to invest and the amount of return on our investments. Since 80% of our potential pension, and 100% of our health care and COLAs come from these returns, you can understand why we are so concerned.

In summation: There are Windfall Elimination proposals, like there has been every year since 1983. There are forensic audits. There are claims of poor management.

There is an abundance of quick solutions. And, there is always a list of constant complainers.

None of these will help our pension systems, and none of them will help us. We have to take the initiative and acknowledge that many times retirees and workers can be a better advocate for their pension system than a pension system can for itself.



**Nancy King**  
Trustee/ Board Secretary

**What can you do to help the cause and protect your pension?**

Almost all of us who are current members of POP5 are retirees from an Ohio public employment position.

Even though we worked for different employers doing quite different jobs, and belong to 5 different retirement systems, we have something in common. We all had careers where we served the public and we appreciate an organization of other public servants which is continuing our career goals of working together for the common good.

Public service is often multi-generational in families. It is not unusual for educators, fire fighters, law enforcement, county workers and others to have followed a parent into the same profession. Now a subsequent generation is filling the public service ranks.

In order to continue our advocacy, POP5 needs to grow because there is strength in numbers. Here's what you can do to help. Talk to your family, friends and former co-workers, whether retired or still working, who are in an Ohio public pension system. Tell them about the mission of POP5 and encourage them to join.

I believe any public employee, especially union members, will understand the concept of strength in numbers and the POP5 mission of advocating for all the pension systems as a united front. Collective action refers to action taken together by a group of people whose goal is to enhance their condition and achieve a common objective. Growing POP5 to include current workers will help to build the organization and add to our impact.

**Continued on page 4**

legislative: Continued from page 2

However, POP5 also has a unique perspective to observe systems to help identify proposals or practices that might hinder long term sustainability. If this deviation from the norm begins to occur, POP5 can call on the system leadership to modify the direction or, in more extreme cases, advocate for change to correct the wayward direction.

Remembering that no set of rules, systems and oversight is completely flawless, POP5 stands beside a host of other system participants to ensure the pension systems are operated everyday with your long-term interests in mind.



Help the Cause: Continued from page 3

Membership in POP5 can be beneficial at any stage.

For those early in a career, it can debunk the myth that the defined benefit system won't exist when they retire and assure them that they should be invested in protecting their retirement. For those nearing retirement, POP5 will provide insight into how the system works, what to expect and how they can be involved.

As you enjoy your secure retirement, in addition to educating others about the value of being a member of POP5, remember us the next time you need a gift for a family member and consider giving a membership.



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