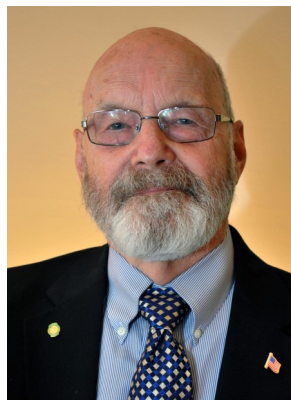


Insight From the Administrator

By William I Winegarner



Where to begin?

For those of you who have known me over the past 25 years or so, the one thing you could rely upon was my willingness to confront negative rhetoric with facts. Facts help to calm fears that are primarily generated from a lack of understanding about a given situation. I will do my best in this article to help you understand, and hopefully

calm some of your current misgivings concerning the loss or reduction of your yearly cost of living allowances.

As you know the pension-board COLA decisions in 2017 have caused real concerns among retirees and workers alike. Sometimes these concerns have been expressed as disappointment, anger and questions about past decisions and practices of the boards as well as personal insults about the qualifications, integrity and salaries of the pension system's staff members.

I want to start by explaining a pension board's makeup. Each system has its own variation, but basically each consists of elected worker and retiree members: a statutory member and three appointed members (one by the Governor, one by the Treasurer, and one by the General Assembly). The worker and retiree members outnumber the others.

Even though the worker and retiree members represent their constituency groups' perspectives, they are charged with a greater responsibility of protecting the interest of all retirees, workers, or future workers and their beneficiaries. As it is stated in the Ohio Revised code 145.113 C1 and C2:

A fiduciary shall not: Deal with the assets of the system in his own interest or for his own account; In his individual or in any other capacity, act in any transaction involving the system on behalf of a party (or represent a party) whose interests are adverse to the interests of the system or the interests of its participants or beneficiaries;

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The Legislative Report

By Steve Buehrer, Esq.



During any session of the Ohio General Assembly, the summer and fall are generally the slowest times on the legislative calendar. Autumn has brought a steady pace to the halls of the

Statehouse. Even though the number of session days between Labor Day and the end of the calendar year are not large, committees are meeting and dozens of bills have been introduced. Fortunately, the bills that have appeared in recent days do not impose a threat to defined benefit pension systems or unduly restrain the ability of the pension systems to effectively manage the systems. However, pension issues continue as an important topic of legislative consideration.

Certainly, the most prevalent issue receiving discussion is Cost of Living Adjustments (COLA) for retirees. Several systems have taken action to curtail future automatic COLA's or have begun the debate toward such action. An example of this discussion was the proposal by OPERS in recent weeks to make changes to the automatic 3% COLA that retirees have received since legislation was passed more than 15 years ago to establish that level. The Board of Directors of OPERS has now approved a proposal which will go before the General Assembly in the coming months. Similar

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RETIRES & CURRENT EMPLOYEES SUPPORTING EACH OTHER

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In other words, board members have the fiduciary responsibility to take into account the interest of all members, even though their decision may adversely impact their constituent group, themselves, their families or others in similar situations to theirs. Each of their decisions must sustain the pension fund for the benefit of all.

Pension boards are made up of people. Some never grow beyond being a mouthpiece for their constituency group, others have taken advantage of their position, and others appear to be against everything just for the fun of it. Fortunately, the vast majority of board members are honest men and women doing their absolute best to represent the membership in its entirety. They accept their duty of providing the maximum prudently-possible benefits, while providing for the long-term financial stability of their particular pension fund and its assets.

No matter what their educational background or secular qualifications, board members are exposed to hundreds of hours of financial and legal input. Accountants, actuaries, auditors, statisticians and investment experts provide them with information. The Ohio Revised Code and a battery of attorneys provide rules and opinions that have to be met. Committee meetings are held and membership input considered. Finally, a decision has to be made.

Many times, the board members realize that a particular decision they have to make will be very unpopular with the membership and possibly even with themselves; however, they are ultimately the ones who have to have the integrity to rise up to their fiduciary duty and responsibility to do what they feel is best for all current and future members and their beneficiaries.

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Did you know that, under ORC Section 109.98 the Ohio Attorney General has the statutory right and the obligation to sue any Ohio public retirement system board member who breaches his/her fiduciary duty to his/her system for any resulting harm?

All members should be very thankful that they are not the one saddled with that responsibility and, on occasion, should actually thank the ones who made the unpopular decisions in order to protect your retirement fund.



POP5 and the COLA Changes

When I was the executive director of PERI, I was a leading proponent in securing the ultimate grandfathering of a 3% COLA for OPERS retirees. Personally, I was very concerned about the necessity for any change to that benefit just as I was about the COLA changes that have been made at each of Ohio's pension systems.

That being said, negotiating benefits is not part of Protect Ohio Pensions area of advocacy. Benefits are the individual retiree associations' responsibility. Our responsibility is to keep the wolves, those who want to eliminate defined-benefit pension plans or to dictate the investment policies of a pension board at bay.

Protect Ohio Pensions was established in order to concentrate all of its efforts on those two issues.

Why? Because changing the pension plans for current workers into defined-contribution plans would stop the flow of new money coming into the defined-benefit funds.

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Legislative Report continued from page 1:

COLA changes have also been instituted for teacher and school employee retirement systems. These debates over the proposed OPERS changes as well as other pieces of related legislation will keep the topic of pensions on legislative minds.

POP5 will continue to monitor all of these pieces of legislation which are being debated. In addition to monitoring, and where appropriate weighing in with key decision makers, it is also important to analyze how legislators make decisions on these proposals. Like boards of directors and other elected and appointed governing bodies, legislators are gatherers of information. Good legislators become literally "sponges" of information. This information - both factual and opinion- is directed at legislators on a daily basis from a variety of sources. Citizens, both in person and through a variety of communication means, are good sources of information for legislators. Members of the legislature also hear from interest groups (like POP5) about how various proposals will impact segments of Ohio's population. Expert testimony from specialists and

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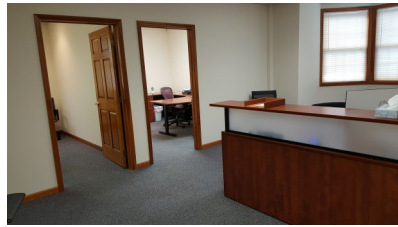
Protect Ohio Pensions has a new home!



The Board of Trustees is pleased to announce that in August they secured an office location in Westerville, Ohio for Protect Ohio Pensions, Inc.

Located in the Concord Office Park, our new address is 132 Dorchester Square S Suite 101, Westerville, Ohio 43081. Our new phone number is 614-426-4333, and our email address remains the same.

As was explained in our first Newsletter, POP began its operations utilizing free office space and equipment provided by Mr. Winegarner's real estate company. As our association has grown, we have developed the need for two additional staff members and the additional office access and space they require.



The Board wants to thank you for your overwhelming support which has made this move and the ability to better serve our members possible.

POP5 and the COLA Changes continued from page 2:

Those funds are a major source of funding for our health care and COLAs. If that happens, we would really be up the creek without a paddle.

Our advocacy is designed to preserve the continued existence of defined-benefit pension plans in order to allow the pension boards the best opportunity to preserve the funds and the best opportunity to provide the maximum economically-prudent benefits to their members.

POP 5 Membership is Growing

POP5 began reaching out for retiree members in August of 2016. Our membership is currently over 18,000, 5,270 of which are Lifetime members. We will begin reaching out to Ohio's current workers at the beginning of 2018.

Legislative report continued from page 2:

scholars also can provide important input in the legislative decision-making process.

Much as with the directors of the pension systems, most people elected to the General Assembly come with a sincere interest in helping the people they represent as well as the state as a whole. However, they do not come with an expertise in all of the issues they will face. They come with their own experiences and knowledge gathered from a variety of sources throughout their lives. Therefore, legislative committees and the law making process as a whole are designed to gather information and to seek opinions across a wide spectrum of resources. Legislators have access to incredible amounts of information and data- sometimes an overwhelming amount.

So, how do they decide? The answer to that question is not a simple one and rarely lends itself to a single answer. The decision-making process is unique to each member, and it is often hard to know what will trigger a member to act in a certain way. However, it is true that all types of voices can impact the legislators. Just as pension boards rely on consultants, actuaries, and financial experts to educate and guide their decisions and recommendations, legislators are often quite deferential to governing bodies that maintain a "learned credibility" earned through service and study.

What does that mean for how legislators arrive at decisions on matters like the COLA adjustments and other pension issues? First, legislators will normally show great deference to pension boards that represent their membership as well as hold expertise in critical professional fields. Legislators often presume that boards have taken into consideration professional advice as well as the opinions of members. Certainly, they will often verify the opinions and guidance of these experts themselves, but without a deep knowledge of pension issues independently of their legislative service, members are often inclined to defer to the "experts" as decisions come before them.

Finally, legislators are strongly influenced by people they know. That is why POP5 and its growing, diverse membership can be so significant. As issues arise that fall within our governing principles, we will engage as an organization and as individuals to influence

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Board Member Search

Would you like to help guide our association?

Since our last publication, four very qualified members volunteered for the STRS Representative position. The board will be making its appointment in December.

We are now looking for a member to be our SERS Representative. To qualify you would need to be a retiree, current worker or survivor beneficiary of SERS. You should have some knowledge of the operation of SERS and a passion to preserve the defined-benefit pension plans for all of Ohio's public workers.

Our board members are only required to travel to the bi-monthly [every other month] board meetings held in Columbus, Ohio.

All board positions are volunteer and members receive no

Board Member Search Continued

compensation, other than reimbursement for gas and lunch on board day.

If you have an interest in, or questions about this position, please email a work experience overview to our Executive Director, Bill Winegarner or call him with any questions you may have.

Popoffice@POP5.org or 614-426-4333

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legislators' actions. Ultimately, this type of organized, citizen advocacy is what the framers of our great Republic and State had in mind more than 200 years ago.



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