



NEWSLETTER

Issued by PUBLIC EMPLOYEE RETIREES, INC.

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APRIL, MAY, JUNE 2000

LEGISLATIVE REPORT

By John Gilchrist



PENSION ENHANCEMENT

Strong performance of the financial markets in recent years and the past funding policies of the PERS Board have resulted in the system being fully funded according to PERS's latest actuarial report. As a result, PERS is in a position to increase retirement benefits, provide for current members, and also provide a temporary contribution rate rollback for employers. In effect, retirees (including beneficiaries and disability recipients), employees, and employers will benefit from the strong financial condition of the system.

As it relates to current retirees, H.B. No. 628 has been introduced and will provide three important pension enhancements (Please remember that the bill must pass before these benefits become available, and PERI, PERS, and the employee groups are working to get it enacted. We testified in support and have been talking with legislators.)

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NEW OFFICER APPOINTMENTS

With the passing of our 1st Vice President, the PERI Board of Directors has appointed William J Kuhner Jr. of Chillicothe to the position of 1st Vice-President and Lois Dounour of Toledo to the position of 2nd Vice-President. These appointments are a one position move up from the previous elected positions they held. At the same meeting the Board decided to leave the position of 3rd Vice-President vacant until the next general election to be held in August of 2000.

CRITCHFIELD URGES MEMBERS TO STUDY LEGISLATIVE ACTIONS

PERI President Lucille Critchfield recently addressed members of the Jefferson County Chapter. She explained that PERI is the action group for PERS retirees, and stressed the need for the members in each chapter to become more involved in the legislative process. This is especially important when the lawmakers in Columbus are addressing legislation dealing with the public retirement fund, she added.

Mrs. Critchfield, who was elected in September, commented, "I really didn't realize how large the state is." But she said she plans to visit each of the 93 PERI chapters in the state during her term as president.

She pointed out that the senior citizens, who make up a majority of the PERI membership are a force with which to be reckoned. She explained,

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Guests at a special PERI meeting recently were Tom Sherman, PERS Legislative Affairs Officer, left, and Laurie Hacking, PERS Executive Director, right. PERI Pres. Lucille Critchfield is in the center.

PERS DIRECTOR DISCUSSES PLANS WITH PERI BOARD

Laurie Hacking, PERS Executive Director, met with the PERI Board to discuss the benefit enhancement bill recently submitted to the Ohio Legislature. (See H.B. 628 in Legislative Report column.)

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PERI LAUNCHES NEW WEBSITE

by
Bill Winegarner, Administrator

On Friday March 31, 2000 PERI's new website went on the internet. The address is "www.operi.org". For those of you who don't know the internet language a website is made up one or more web pages. Each of the pages contains different information.

Currently our website contains 11 different pages. The first is the "home" page that explains the difference between PERS and PERI, who can be a member, and a brief explanation of how PERI protects pensions and benefits. The second page explains the benefits of PERI membership. The third page is a printable

membership application. The fourth page gives an explanation of the organization's mission and goals. The fifth page gives the most current legislative news and states our position on bills that affect PERS pensions and benefits. The sixth page explains the various ways our members can contact the PERI main office. The seventh page lists the names and telephone numbers of world-wide, Ohio District, and Chapter President contacts.

The eighth page contains copies of past newsletters beginning with January of 1999. These Newsletters

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LEGISLATIVE REPORT

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1) The bill will allow current retirees, beneficiaries, and disability recipients to recalculate their current retirement benefits using a new 2.2% multiplier. The current multiplier is 2.1% for the first 30 years and 2.5% for years over 30. (The current 2.5% multiplier used for years over 30 will remain the same as current law.) The 2.1% multiplier has been used since 1989; prior to that it was at 2%.

As you are aware, an individual calculates a regular PERS retirement benefit by taking his or her final average salary and multiplying it by 2.1%. This amount is then multiplied by the years of service to determine the yearly retirement benefit.

Under the bill, a retiree, beneficiary, or disability recipient will be able to recalculate his or her benefit using the new 2.2% multiplier for the first 30 years. Again, regardless of the multiplier you used for the first 30 years, you will now be able to recalculate using a new 2.2% multiplier for the first 30 years. This recalculation will provide an increase in the retirement benefits; the actual increase to a retiree will depend upon the year and the circumstances under which he or she retired. For illustration purposes, we provide the following example:

A member retired in 1990 with a final average salary of \$25,000 and 32 years of service credit:

$$\begin{aligned} \$25,000 \times 2.1\% \times 30/12 &= \$1,312.50 \\ \$25,000 \times 2.5\% \times 2/12 &= \underline{\$ 104.16} \\ & \$1,416.66 \\ & \text{per month} \end{aligned}$$

The recalculation for that member would be as follows:

$$\begin{aligned} \$25,000 \times 2.2\% \times 30/12 &= \$1,375.00 \\ \$25,000 \times 2.5\% \times 2/12 &= \underline{\$ 104.16} \\ & \$1,479.16 \\ & \text{per month} \end{aligned}$$

This is a \$62.50 increase; in reality the increase may be more once the COLAs and previous ad hoc increases are factored.

It should be noted that for law enforcement members, 2.5% of final average salary for the first 25 years of service will be used in the retirement recalculation. Currently, for law enforcement members 2.5% is used for only the first 20 years of service and 2.1 percent is used for all years thereafter.

2) Pursuant to another provision in the bill, current retirees who retired prior to 1980 will receive an ad hoc increase. These retirees will be given the ad hoc increase because inflation has eaten away more than 15% of the original purchasing power. This ad hoc increase will restore these retirees to 85% of the purchasing power of their original benefit.

3) Another provision changes the cost of living adjustment (COLA) to provide a yearly 3% COLA for each retiree regardless of the Consumer Price Index. Under current law the COLA is tied to the Consumer Price Index but is capped at 3 percent each year.

There is another provision in the bill with which PERI has concerns. This is the provision that would allow PERS to establish defined contribution plans (alternative retirement plans). PERI has been opposed to the establishment of these alternative retirement plans. However, if we must have these alternative retirement plans, PERI would prefer having them established, offered, and operated by PERS as opposed to the structure contemplated by H.B. Nos. 199 and 623.

To refresh your memory, in a recent newsletter we reported that there is legislation pending that would create an alternative retirement plan. The bill, H.B. No. 199, would have allowed certain employees in all five systems the option of opting out of their system and of selecting an alternative retirement plan provided by private vendors of financial products. After hearing testimony from the uniform systems, a substitute bill was discussed that would have removed the qualified employees from PFDPF, SHPRS, and PERS-Law Enforcement from the bill. Because of continued opposition, a second substitute bill was discussed. Under this new proposal only elected officials and those in the unclassified services would be allowed to select an alternative retirement program. In fact, this last alternative has been introduced as H.B. No. 623; H.B. No. 199 is apparently dead for this session.

The alternative plans proposed under H.B. No. 199 and 623 would be defined contribution plans offered by private vendors. A defined contribution plan (e.g., a 401(k) plan or 403(b) plan) is a type of plan that provides

participants with an individual account, and benefits are based solely on (1) the amount contributed to each participant's account (either by the participant or the employer), and (2) any income, expenses, gains and losses, and forfeitures that may be allocated to the account. There would be no safety net coverage such as survivor, disability, health care benefits in retirement, or cost of living allowances.

The five systems provide a defined benefits plan. A defined benefits plan, in contrast, does not contain individual accounts. Instead of paying participants the amount in their accounts when they retire, a defined benefits plan promises participants a certain benefit at their retirement. The benefit is typically determined based on the participants' level of compensation and/or their years of service with the employer. The employer is required to make contributions to the plan, the amounts of which are actuarially determined and are designed so that the plan is adequately funded to pay all promised benefits as they arise.

Although the scope of H.B. No. 623 appears to have been pared down to cover fewer employees, PERI still opposes it. We realize that this bill would only apply to elected officials and those in the unclassified service; however, we believe that this is just the first step. If this version of the bill should pass, supporters of these alternative plans will be back to the Legislature in a few years asking to include more employees.

PLAN TO ATTEND ANNUAL MEETING ON SEPT. 26

It's time again to mark your calendar for the PERI Annual meeting. It will be held in Columbus on Tuesday, Sept. 26.

Come to hear status reports on both PERS and PERI. And enjoy the fellowship of other PERI members from around Ohio.

E. IVOR JONES, PERI V.P., DIES IN 2-CAR CRASH

E. Ivor Jones, PERI 1st vice president, was killed on March 30 near Batavia, Ohio when his car collided with a pickup truck. He was 76.

He received his BE degree from Rio Grande University and his bachelor's and master's degrees from The Ohio State University. After teaching school in Champaign, Ross and Jackson Counties he became affiliated with the OSU Extension Service. He served as county 4-H and agricultural agents. Later he spent 13 years as area agent serving a 10-county area for the Extension Service. He retired as a professor emeritus at OSU.

Mr. Jones has served as president of the Highland County PERI chapter and has been on the state board since 1991. He became 1st vice president in 1999.

He chaired several PERI committees and was active in many Hillsboro associations, including president of the Lions Club and commander of the American Legion post. He was a member of the Presbyterian Church, the VFW and National Association of Retired Federal Employees.

He is survived by his wife, Ferne, three sons and a daughter and 11 grandchildren.

PERS DIRECTOR

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Mrs. Hacking covered some background on the status of PERS funding. Investment gains over the last decade have made it possible for the system to attain a fully funded status (no unfunded liability). Investment earnings make up 75% of PERS funding; they are therefore a very important source of income for the retirement system.

Mrs. Hacking, who joined PERS in January, said her goals are to improve services to the system's members through technology and better methods. She will also work to improve benefits—efforts are already underway looking at investment programming and consulting with experts.

Tom Sherman, PERS Legislative Affairs Officer, assisted Mrs. Hacking in the presentation.

SCHUMACHER DISCUSSES PENDING LEGISLATION



Richard E. Schumacher, recently retired Executive Director of PERS, was the guest speaker on April 28 at PERI District 8 annual meeting. He reported on pending legislation that concerns PERI members.

Mr. Schumacher served PERS for almost 40 years, as executive director since 1989.

William Kuhner, Jr. PERI 2nd V.P., also attended the meeting in Malta, Ohio.

NEW WEBSITE

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may be viewed on line or downloaded for printing. The ninth page contains a history of the legislative initiatives taken by PERI and the resulting pension and healthcare benefits granted by PERS. The tenth page contains copies of the Chapter Officer and the Chapter Meeting report forms. These may be downloaded and printed. The eleventh page contains a "site map". This is simply a diagram of the website directory and sub-directories.

The website has been designed with two primary purposes in mind. First to explain to non-members what we are all about and what we have accomplished over the years, and secondly to rapidly communicate legislative information to our members across the world. In order to by-pass the website and go directly to the legislative web page use the address "www.operi.org/lnews.html".

When you are on the legislative web page, you will see the bills highlighted in blue. If you put your cursor on the blue writing and left click your mouse, you will be directed to the state of Ohio web page for that particular bill. Once there, you can read the entire bill, read a brief analysis of the bill, or check on its progress. When you are done, you can click on the back button and return to the PERI legislative page.

If you have any questions about the legislation you can always e-mail us at "office@operi.org". In closing there is one thing that I have discovered in using the internet: it is very slow between the hours of 4:30 PM and 8:00 PM because the kids overload the circuits during that time of day.



"LEAP YEAR" CHAPTER CELEBRATES 4 YEARS OF ACTIVE PROGRESS

Anniversaries are generally celebrated annually, but when an anniversary comes once every four years it is a special occasion. That's what happened when PERI Chapter 93 of Lucas County met this year. On Feb. 29, 1996, the chapter was formed in eastern Lucas County at the Oregon library. Since this was a leap year the chapter is sometimes referred to as the "Leap Year" Chapter. Then PERI District 1 representative Lois Downour established the third chapter in Lucas County.

During the four years, the chapter meetings have been well attended. Programs include current happenings in the state legislature, and concerns about pension benefits. Local speakers have reported on such topics as consumer awareness, utilities, travel, parks and recreation, safety, health and county politics.

Meetings are held the fourth Thursday of each month except November and December, when the date is the third Thursday. The meetings are at 1 p.m. at Oregon Firehouse #2, 1102 Wheeling Street.

CRITCHFIELD

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"Legislators will listen to you because you are the biggest block of voters voting. I urge you to get active and contact your lawmakers."

Mrs. Critchfield said term limits have cut into the effectiveness of the relationship between PERI members and legislators. She urged all members to become familiar with the incoming legislators.

Ina Schiappa, president of the Jefferson County Chapter, said plans will be made to send a group from the chapter to the PERI Annual Meeting in Columbus on Sept. 26, 2000.

A MESSAGE FROM YOUR PRESIDENT



This has been a sad month for our PERI family. E. Ivory Jones our long time friend and faithful member was killed in an automobile accident as he returned home from Florida. At the same time this has been a

wonderful month for our PERI Family. Our brand new website was placed on the internet, our Board of Directors had a very informative meeting with the new Executive Director of PERS, and the PERS pension improvement proposal finally made it into Bill form.

The longer we live the more we understand that life is full of ups and downs. For years Ivor served his fellow retired public employees as a PERI life time member, Chapter President, District Representative, and most recently 1st Vice-President. He was the chairman of our constitutional committee when we restructured the entire document in 1994 and 95, he was our parliamentarian, he was our education advocate, and he was the motivator behind our drive to educate our members of the importance of becoming involved in a local chapter. We will miss Ivor.

Our Board had the privilege of meeting with Mrs. Hacking, the new Executive Director of PERS. We found her to be personable, extremely well informed, and an excellent choice for the position. We have invited her to be the keynote speaker at our Annual Meeting on September 26 in Columbus, Ohio. For those of you who don't know me, that means it would be a good idea

to mark your calendar and come to the meeting.

I am probably like most of you when it comes to computers. I hardly know the difference between a spider web and a web site, but what I have been learning is that it is the newest and fastest way of communicating information and ideas. Since the strength of our organization comes from an informed and active membership, this has to be one of the greatest tools we could have, especially for our members who live outside of Ohio. I have learned a good method to the computer world for those of us who don't have one: Ask your grandchildren to get the information for you.

In closing, we need to keep vigilant in our opposition to HB 199 and its sister bill HB 623. These are the bills that provide for a defined contribution retirement plan outside of PERS. If there is a need for a defined contribution plan, we prefer it be handled by PERS.

Lucille Critchfield

PERI SEEKS DATA BASE MANAGER

The PERI office has a position open for a part time data base manager. If you are a PERI member, who has more than a basic knowledge of computer data bases and would like some part time work, please e-mail us your PERI member number, along with a brief explanation of your computer skills (office@peri.org).

MUSKINGUM CHAPTER 47 HITS THE ROAD AGAIN

Muskingum County Chapter 47 traveled by bus to Columbus on April 10 to visit the new COSI.

Forty-one members and guests learned that COSI truly is "The Fascination Destination," as they dub their facility. Members were fascinated, not to mention sometimes enthralled and often overwhelmed. It was a fun trip.

Plans are now underway for a visit to the Columbus Zoo in June and a picnic in August, according to Edith Moyer, Chapter Social Activities Chairperson.

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