

THE PERI NEWSLETTER

Issued by PUBLIC EMPLOYEE RETIREES, INC.

Second Quarter 2003

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We welcome your
input and questions.

Contact us at:

614-891-6868
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www.operi.org

Legislative Report



John Gilchrist

The 125th General Assembly is now in full swing. Bills that were of interest to us, that did not pass last session, have been reintroduced under new bill numbers in this new legislative session. These include House Bill Nos. 69 and 63.

HB No.69 of this session was HB No. 404 during the last session. As you may remember, employees of various county and independent agricultural societies desire to become members of OPERS. However, there are concerns that these employees are not truly governmental employees. The federal laws under which OPERS operates provide that only governmental employees may be a member of the retirement system. Allowing non-governmental employees to join OPERS could negatively affect OPERS' standing under the federal Employees Retirement Income Security Act (ERISA) and with the Internal Revenue Services. There are also concerns that if these individuals are allowed to join OPERS, there will be others who will come forward requesting admission. These could include employees of convention bureaus and MRDD boards.

HB No. 629 of the last session has resurfaced as HB No. 63. The bill deals

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A Message From Your President



William J. Kuhner, Jr.

The healthcare cost situation is on everyone's mind this year. In this newsletter we will be sharing some facts that should put you a little at ease.

The following contains some excerpts from a letter that I recently sent to our Lifetime members:

As you may have heard, the healthcare programs of all the retirement systems have been put in jeopardy due to the fall of the stock market and the escalating cost of health related services and prescriptions.

Because we have always had an eye toward the future when we asked for benefit enhancements, our retirement system's healthcare fund is in better shape than any of the others. We want to keep it that way.

It is important for you to remember: by law, the only healthcare OPERS is required to provide is:

1) Starting at age 65, Medicare part A

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A Message From Your President

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replacement coverage for members not eligible for Medicare part A, and 2) the reimbursement of the Medicare part B premium.

Our Association petitioned OPERS back in 1961 to help retirees secure reasonably priced healthcare insurance. In 1962 a Blue Cross/ Blue Shield policy was made available for retirees to purchase. Retirees paid the full premium. In 1973, an Aetna policy with a \$20,000 maximum lifetime benefit was established and healthcare benefits have grown from there to where they are today.

You should also keep in mind that we only paid into the pension fund, and not into a healthcare fund. OPERS is able to provide healthcare, because their investments made money and they were able to take some of the employer's contributions and put it into a separate fund so they could provide us with a healthcare benefit.

PERI and OPERS have worked as partners in retirement since our founding in 1948 as the Public Employees League of Ohio.

When the stock market began to grow the net worth of our pension fund, some wanted to bleed every dime out of the system and turn it over to the retirees, some wanted to load the system down with employee groups that never paid into the system, and others wanted to utilize the surplus funds to pay for other governmental projects.

Looking toward the future, PERI worked diligently with OPERS and the Ohio General Assembly to provide a well balance benefit package for retirees, while maintaining the integrity of the retirement system.

Through the years we have achieved several ad hoc increases to the pension base of those retirees who were suffering the most from inflation. We have put together one of the best healthcare packages of any private or public retirement system. We have had retroactive refiguring of the pension base calculations. And we have successfully fought off attempts to inject non-contributing employee groups that wanted to enter our system.

Over the past few years, healthcare costs have been escalating in a disproportionate manner, and the value of the healthcare fund investments have been declining at the same time.

PERI has been working with the OPERS administrators, Board of Directors, and the Healthcare Committee to make only necessary adjustments to keep our healthcare benefit the best it can be, with the least amount of financial burden on our members.

In closing, let me encourage you, by reminding you that OPERS is not in the same desperate shape that the other Ohio retirement systems find themselves. Some adjustments will probably have to be made, but your continued well being is foremost in everyone's thinking.

Healthcare Report

William I. Winegarner, Administrator

Starting in the fall of 2002, PERI has been meeting with representatives of the OPERS Healthcare Committee.

The purpose of these meetings have been to ascertain the current condition of our healthcare fund, the projected stability of the fund with benefits and cost to retirees remaining the same, and what steps are required to extend the life of the fund's stability.

The first meeting consisted of a series of fact gathering roundtables with representatives of the various groups that make up the OPERS membership. I don't recall all the groups, but we (PERI) were there representing retirees, along with AFSCME chapter 1184, and groups representing the state, county, municipal, university, law enforcement, and judicial employees.

The second meeting, six hours long, was with the OPERS Healthcare Committee and Board of Directors. In this meeting we went over the current condition of the healthcare fund including: what healthcare benefits are mandated by law, details on the escalating cost of care, the steps being taken to contain cost, the increasing number of living retirees, the current status of the fund investments, the establishment of a set of guiding principles for the healthcare program, and reports from actuaries.

Actuaries are individuals that attempt to predict what will happen in the future, based on what has happened in the past. The best analogy I have heard to describe what they do is: attempting to drive down a road, looking out the back window.

The third meeting, six hours long, was a roundtable discussion with the OPERS Healthcare Committee, Board, Staff, Actuaries, and Membership Groups stated above. We went over the key philosophies to keep in mind when making decisions, health care program eligibility, demographics, projected retiree numbers by year, age of retirees, longevity trends of retirees, the various hospital and medical plans and their cost to the retirement system and the individual, potential cost saving measures, and a review of 24 different types of cost adjustments and the effect of each in extending the funding years of the healthcare program.

As each presenter went through his or her topic, the representative from each group had the opportunity to ask questions and offer alternative suggestions.

Prior to this meeting PERI sent an eleven-question questionnaire to our 9,939 Lifetime members requesting their input on which of the different cost or service change possibilities would affect them the least. We selected this group because they give us a balanced cross section of our membership. (Retired a long time, retired a short time, worked a long time, worked a short time, have a big pension, have a small pension, over 65, and under 65.)

I had the opportunity to present the results of our survey to the group, and to field questions regarding retiree concerns in the decision making process.

There are two more six-hour meetings scheduled to make sure we have covered all the bases.

Because of the seriousness of this topic, there are an abundance of thoughts that are running through my mind at this time. Here are a few of them: The PERI

Board is very concerned and involved in protecting the longtime availability of healthcare coverage for its members and their spouses. Every activity and action I have observed taken by the OPERS Board and Administrative staff indicates that they are just as concerned for the retirees and current workers. Important considerations are being identified as the meetings progress. Long time solvency and access to affordable-quality healthcare is essential! All aspects of career service, membership status, and ability to pay need to be taken into consideration! Every retiree needs to exercise more accountability in managing his or her own healthcare expenses! If healthcare cost to retirees have to go up in a down financial market, then automatic built-in reductions should occur in an up financial market!

Each and every PERI member should be applauded, because they had the foresight to join together with their fellow retirees, in order to protect their pension and benefits.

Healthcare Questions Posed to Lifetime members

On April 11, 2003, we sent a mailing to 9,932 of our Lifetime members. This is a little less than 1/5 of our 55,000 members, but this particular group gave us a balanced cross section of recipient profiles.

The mailing included a letter from the PERI President giving a brief "Statement of The Problem" and an eleven-question questionnaire.

The members were given less than one week to respond, and we received 3,205 completed questionnaires, before our 5 PM, April 18 deadline.

A summary of the results is as follows:

1. Higher co-pays are preferred over higher premiums or higher deductibles.
2. Flat co-pays for retirants are preferred over percentage co-pays.
3. Flat co-pays for family members are preferred over percentage co-pays.
4. A monthly retirant's premium of \$25 (without a lesser amount being an option) could be tolerated.
5. A monthly spouse's premium of \$100 (without a lesser amount being an option) could be tolerated.
6. A yearly out-of-pocket of \$800 (without a lesser amount being an option) could be tolerated.
7. Families should have the same yearly out-of-pocket maximum as retirants.
8. Providing only generic drugs, **if they exist**, was acceptable.
9. An 80/20 split between OPERS and recipient was acceptable.
10. The majority thought those with less than 30 years of service credit **should not** be charged a higher premium.
11. A majority thought you could charge a higher premium with only 10 years of service credit, if the premium decreased with additional years of service credit.

Legislative Report

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with elected officials who desire to retire from their elected position and then be reappointed or elected to the same position. By way of background: with certain exceptions, an OPERS member who retires while holding elective office and is then elected or appointed to the same office is penalized by forfeiture of the pension portion of the retirement allowance and suspension of the annuity portion. (The annuity is based on the member's contribution and the pension portion is funded by the employer's contribution.) This penalty continues until the reemployment terminates. There are several exceptions to the requirement that this penalty be imposed. HB No. 63 would eliminate one of the exceptions. Under that exception (i.e., current

law) the penalty is not imposed on a retired elective official who is elected to the subsequent term of the same office if, at least 90 days prior to the election, the official filed a written declaration of intent to retire before the end of the term. Again, HB No. 63 would repeal this exception with the result that if an individual retires and then is elected to a subsequent term, the elected official will not collect an OPERS retirement allowance while in the elective office.

Another bill that has potential concerns is HB No. 32 which would move the current non-teaching employees of the University of Akron from SERS to OPERS. It also provides that non-teaching employees of the University hired after the bill passes will be OPERS members. In the form of

background and under current law, SERS, STRS, and OPERS coordinate benefit credits. That is, for a person with service credit in more than one of these systems, credit in both or all three systems is used in determining retirement and disability eligibility and benefits. The person's total benefit is paid by the system under which the greatest amount of service credit was earned. Therefore, if the bill passes and employees transfer and then eventually retire, the coordination provision will be used to determine whether SERS or OPERS will pay retirement or disability benefits.

As we went to press, discussion was underway dealing with the potential unfunded liability that could be created related to healthcare benefits.

Members Make Their Lives Available

In the last Newsletter, we sent out a call for members to volunteer for the position of District 1 Representative.

We had five well-qualified candidates who contacted the state office to make their lives available.

Each year we have elections for District Representatives to sit on the Board of Directors, be members of various committees, and to represent the membership in their District. The even numbered districts hold elections in the even numbered years, and the odd numbered districts hold elections in the odd numbered years.

The success of any organization is manifested by the effort and dedication of its volunteers, and we have been blessed with the best.

"We really appreciate the effort of these key members within our organization," explained PERI President William J. Kuhner, Jr. "When we put out a call statewide for new and talented people to serve our organization, we appreciate it when members rise to the occasion."

The majority of PERI Board members and District Representatives come from the chapter participants where they have played a major role in the success of PERI within their community. That experience usually moves them on to become Representatives of their district and Officers of the state organization. However, this is not always true. On occasion some of our top leaders volunteer from among the membership ranks. So we encourage everyone to make his or her life available, when a vacancy arises.

Anyone wishing to become involved in the activities of PERI should contact the PERI office at 1(800) 247-7374 or 1(614) 891-6868.

2003 District Annual Meetings

District 1: June 9, 10:00 @ Macomber Café & Catering Co. in Toledo

District 2: May 13, 11:30 @ the Mercer Co. Fairgrounds

District 3: July 22, 10:00 @ the Presidential Banquet Center in Kettering

District 4: May 2, 10:00 @ the Senior Center in Wilmington.

District 5: June 3, 10:00 @ Scotch & Sirloin Party House in Marion.

District 6: June 10, 11:00 @ the MCL Cafeteria in Westerville

District 7: April 17, 10:00 @ Lewis's Restaurant in Jackson

District 8: March 27, 10:00 @ the Methodist Church in Malta

District 9: June 5, 11:30 @ April's Country Restaurant in Newcomerstown

District 10: April 2, 11:30 @ the Sandusky American Legion in Sandusky

District 11: May 15, 12:00 @ the Moose Lodge in Ravenna

PERI District Roundup



Lucas County Chapter 1

Row 1: Leonard Langenderfer, Legislative Chair;
Ruth Ann Sullings, Vice Pres; Shirley Thurber, President;
Irene Collette, Secretary; William Cottle, Treasurer.

Row 2: Carl Bruno, Past Pres; Diane Mieczkowski,
Exec Board Member;

Not present: Thelma Wells and Margaret Wuwert,
Exec Board Members

District 1

District 1 will hold their District Annual Meeting on June 9 at 10 a.m. at Macomber Cafe & Catering Co. in Toledo. This year two new candidates will be presented for election as the District 1 Representative for PERI.

On June 4, Lucas County Chapter 4 will hold a potluck at 1 p.m. at the Kent Library. New OPERS retirees are encouraged to attend.

District 2

Mary Germann, secretary of Van Wert Chapter 12, experienced the terror of a tornado in November and lost her home and most of her valuable possessions. All that remains is the basement of her two-story farmhouse



where the 80-year-old widow sought shelter during the storm. In the weeks since the tornado turned her life upside down, she has had a variety of items returned to her from as far away as Toledo. A card found among the tornado debris was turned into the Paulding County United Way office that returned it to Germann. Some old family photos were also returned from communities many miles away. The items returned to her had been stored away in her attic. "I lost my wedding ring and a diamond I had in a little box," she explained. "I think of something everyday that I won't have anymore." She was hospitalized for four days for bruising and glass and dirt in her eyes. Today, her spirits are high and she is doing well thanks to the help of family and friends.

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PERI District Roundup

District 4

District 4 held its annual meeting on May 2 at the Clinton County Elderly Services Program Center in Wilmington, Ohio. **Ramon Mick**, District 4 Representative, said **37** members, spouses and guests attended the meeting to hear **Ray Foeller** of the State of Ohio Consumer Advocacy Council. Foeller spoke on a variety of consumer concerns affecting retirees.

District 6

Joan Grube, District 6 Representative reports the District Annual Meeting will be held June 10 at the Westerville MCL at 11 a.m. **Mrs. Susan Shockey** of the Franklin County Extension Office will be presenting a program entitled “Who Gets Grandma’s Yellow Pie Plate?” It is about transferring non-titled personal property to reflect your wishes in order to eliminate misunderstanding among family members.

Licking County Chapter #23 met on March 23 at the Zerger Hall Senior Center in Newark, Ohio. The program for the afternoon featured **David Lehman**, a well-known comedian and storyteller who works with the Public Relations Department of Park National Bank. He also serves as a guide with many of the Park National “Freedom Year” tours for bank clients. The group was well entertained.



Mildred Ryan is honored with plaque

Kathy Holman has agreed to serve as Legislative Chairman for Chapter #23 for the coming year and was introduced by President **Frank Laughlin**. As of March 20, there were 216 members in the Licking County Chapter and bi-monthly meeting attendance runs around 35-40. **Mildred Ryan**, past president, was honored with a plaque for all the excellent work and dedication she has contributed to the Licking County chapter for a great many years.

On May 7 the group is planning a bus trip by to travel the length of the old National Road (Ohio Route 40) from Wheeling to Columbus. **Doug Smith** of the West Licking Historical Society was a speaker at the January meeting and agreed to be the guide and point out historical locations. There are many small historical towns that lie along old Route 40, which runs parallel to Interstate 70 through Ohio.

Delaware County Chapter #36 met on April 14 at the Council for Older Adults of Delaware County. Fourteen members were in attendance to hear some valuable lesson on “Safety for Seniors” from **Steve Rollison** of the Safety Education Group in Worthington.

Former OPERS employee **Martha French**, who is now retired and a PERI member, spoke to the group and encouraged chapter members to attend one of the Retiree Seminars sponsored by OPERS. Members should have received a postcard listing the upcoming dates of these seminars to be held around the state. The seminars are specifically for members who are currently retired and participants attending the spring sessions were very impressed with all the new information provided. The group’s next meeting will be on June 9, which is the day before the District 6 annual meeting at the MCL in Westerville.

District 7

Members of District 7 held its annual meeting on April 17 at the Lewis Restaurant in Jackson, Ohio. A total of 45 attended the joint meeting with the Jackson Chapter and enjoyed a turkey buffet lunch. Featured speaker was **Dr. Margaret Teaford** from the OSU Extension Office. She spoke on low-cost modification of retirees’ homes that will allow them to stay in their homes as they grow older and avoiding the potential move into an assisted-living or nursing home facility.

PERI District Roundup

Frank Vaughan, District 7 Representative, was elected to his third and final term as representative of the district. The term will expire in the spring of 2005.

District 8

Bev Calvert, District 8 Representative, reported that the district held its annual meeting on March 27 at the Methodist Church in Malta, Ohio with 125 members in attendance.

District 8 encompasses Athens, Hocking, Monroe, Morgan, Muskingum, Noble, Perry and Washington Counties.

Marjorie Belville, Hocking County, gave the invocation, benediction and Pledge of Allegiance. **Mayor Phillip Barkhurst** welcomed the PERI members to the Village of Malta. **Darlene James** of Athens County presented a reading, "A Soldier's Poem."

Tom Sherman, OPERS' Government Relations Representative, spoke on "Addressing the Healthcare



Chapter officers and directors from District 8 pose for a group photograph.

Challenge." He told the annual meeting crowd that changes would be necessary in the health care program and the OPERS Board was working with a variety of constituency groups to determine what changes must be made in the future.



Bev Calvert, District 8 Representative, welcomes members to the annual meeting.

Washington County Chapter was awarded a PERI trophy bull for "taking the bull by the horns" and having the largest number of members present at the annual meeting.

Carolyn Williams, Monroe County, closed the meeting with the singing of "What Did He Die For."

District 9

District 9 will hold its annual meeting June 5, 11:30am at April's Country Inn in Newcomerstown. **Beverly Sycks**, District 9 Representative, said the group will benefit from discussions on current issues facing the retiree community. The day's featured speaker will be **Lucille Critchfield**, past President of PERI.

District 10

Ninety PERI members from seven Chapters attended the District 10 annual meeting in Erie County at the Sandusky American Legion Post on April 2, reported **Leland Coddling**, District 10 Representative.

PERI President **William J. Kuhner, Jr.** and OPERS Legislative Affairs Officer **Tom Sherman** were the featured speakers. Kuhner spoke to the crowd on the role of PERI and recent activities by the group on behalf of the membership. Sherman gave an overview on the OPERS retirement system, which covers over a half-million Ohioans — 400,000 contributing employees, 135,000 benefit recipients and 3,700 contributing employers. He also explained how investing and funding are handled within OPERS to keep the retiree funds healthy.

Christy Miller from Aetna and **Mike Mussell** from Medical Mutual were present to answer questions about the health system.

PUBLIC EMPLOYEE RETIREES, INC.

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www.operi.org

William J. Kuhner, Jr	President	Position Open	District 1
Donald Moyer	1st Vice President	Estella Nusbaum	District 2
Bill Cook	2nd Vice President	Ellsworth Szkudlarek	District 3
Jack Wymer	3rd Vice President	Ramon Mick	District 4
Evelyn George	Secretary/Treasurer	Position Open	District 5
Lucille Critchfield	Past President	Joan Grube	District 6
William I. Winegarner	Administrator	Frank Vaughan	District 7
John Gilchrist	Legislative Agent	Bev Calvert	District 8
Jim Fette	Editor	Beverly Sycks	District 9
Mary Ford	Data Entry	Leland Coddling	District 10
Laurie Frithiof	Administrative Secretary	Becky Somerville	District 11
Nancy Heath	Bookkeeper		

Thanks for the Help

Many times during the year, the office staff is faced with very large projects. There are two men, **Ed Cousins** and **Les Foor**, from chapter number 93 who always make their time and talents available to us. Because they are willing volunteers, with a zest for life, they make these important, but often tedious, projects go much quicker and definitely more enjoyable. So thank you, thank you, thank you from the Staff, Board, and membership of PERI.

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