



# FPA

## Northeast Ohio

March 16, 2023

# Agenda

- **STRS Ohio Demographics**
- **Recent Pension Changes and Retirement Eligibility**
- **Health Care Update**



# STRS Ohio Demographics

## 2021-2022 Membership Profile

	Average Full-Time Active Member	Average New Retiree (retirements in 21-22)
Age	42.2	63
Service Credit	13.02 years	28.9 years
Salary/Annual Benefit	\$69,240	\$54,960

- **209 benefit recipients age 100 or older**
  - The longest paid service retiree is 107 years old and has received a benefit for 49 years
  - The oldest retired at age 68 in 1980 after 25 years of teaching and has been receiving a benefit for 42 years
- **123 retirees age 99**
- **16 active members with at least 50 years of service**
- **247 active members with at least 40 years of service**

# STRS Ohio Demographics

- Life expectancies specific to STRS Ohio experience
- Male about age 86; female about age 89; unisex about age 88

Age	Male Life Expectancy (years)	Female Life Expectancy (years)	Unisex Life Expectancy (years)
58	27.7	30.6	29.5
59	26.8	29.7	28.5
60	25.9	28.8	27.6
61	25.0	27.9	26.7
62	24.1	27.0	25.8
63	23.2	26.1	24.9
64	22.3	25.1	24.0
65	21.5	24.2	23.1

# STRS Ohio Demographics

- **Due to longer life expectancies, teachers have a lower reduction for a joint and survivor annuity and therefore a higher benefit**
- **For example:**
  - Member retiring age 61
  - Spouse age 57
  - Single Life Annuity (SLA) = \$5,000 per month
    - 100% Joint and Survivor Annuity STRS Ohio = \$4,472 (89.44% of SLA)
    - 100% Joint and Survivor Annuity OPERS = \$4,101 (82.02% of SLA)
  - \$371 or about 9% more per month with STRS Ohio due to longer life expectancy

# Recent Pension Changes

- **Board approved 3% COLA for fiscal 2023**
  - Members who retired July 1, 2018, or later are not yet eligible to receive a COLA – still within their initial five-year window
  - Members who retired June 1, 2018, or earlier will receive the COLA on the anniversary of their retirement
  - COLA is 3% of their original benefit
    - Average monthly benefit will increase by \$95
  - All benefit recipients were notified of their COLA date through an email or letter
  - Board will review the COLA again in spring 2023

# Recent Pension Changes

- Board eliminated the minimum age 60 requirement for retirements Aug. 1, 2026, and later
- Members retiring through July 1, 2023, are eligible for an unreduced benefit at any age with 34 years of service or age 65 with five years of service
- Members retiring Aug. 1, 2023, or later are eligible for an unreduced benefit at any age with 35 years of service or age 65 with five years of service
- Benefit projections on *Annual Statements* reflect the change

# Recent Pension Changes

## Early Retirement Reduction Table

Years Early	% Reduction	% of Full Multiplier	Equivalent Multiplier
0	0%	100%	2.200%
1	9%	91%	2.002%
2	17%	83%	1.826%
3	24%	76%	1.672%
4	30%	70%	1.540%
5	36%	64%	1.408%
6	40%	60%	1.320%
7	45%	55%	1.210%
8	49%	51%	1.112%



# Service Retirement Eligibility

- **Unreduced benefit**
  - All years are multiplied by **2.2%**
  - **Age 65 with five years, or**
  - **Any age and 34 years**
    - Now through July 1, 2023
  - **Beginning Aug. 1, 2023: 35 years at any age**

**Example: 35 years X 2.2% = 77% of FAS\***

\*Based on an effective retirement date of June 2024

# Service Retirement Eligibility

- Reduced Retirement Benefit
- Actuarially reduced to account for longer payout
  - Any age with 30 years, or
  - Age 60 with five years, or
  - Age 55 and 29 years (through July 1, 2023)
  - Beginning Aug. 1, 2023: 30 years at any age or age 60 with five years

**Example: Age 54 with 30 years = 42.24% of FAS\***

\*Based on an effective retirement date of June 2024

# Health Care Update

- **2023 premiums driven by:**
  - Board approved increase to 2.2% subsidy per year of service up to a 66% maximum
  - Increased revenue from CMS for Medicare Advantage plans
  - Positive claims experience
  - Benefit recipients will have a \$30 monthly Medicare Part B premium credit instead of a \$29.90 monthly reimbursement

# Health Care Update

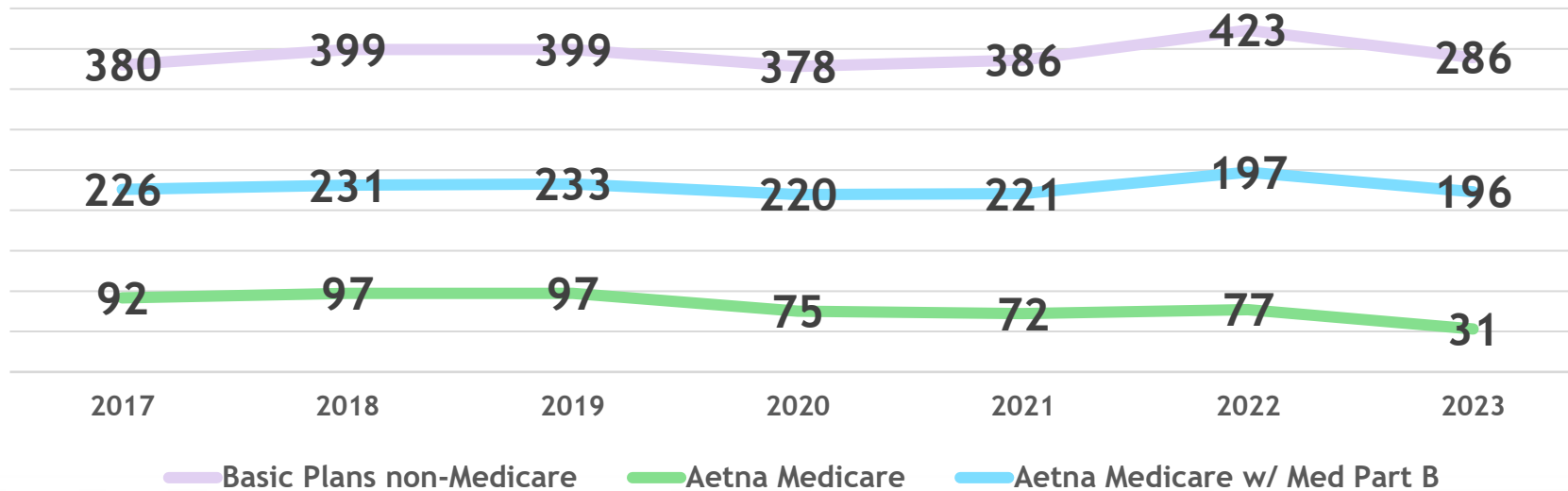
- **Health care eligibility for medical, dental and vision coverage is in alignment with increase on service retirement years**
- **Subsidy levels for medical based on years of service**
- **Retirement on or before July 1, 2023**
  - Minimum 15.00 years required
- **Retirement on or after Aug. 1, 2023**
  - Minimum 20.00 years required

# Health Care Update

- **Enrollees will pay \$35.1 million less in 2023 than paid in 2022**
- **96% of enrollees will have a premium decrease on Jan. 1, 2023**
  - Premiums will be at least \$20 lower per month for 104,000 enrollees
  - Monthly premiums will be at least \$35 lower for nearly 16,000 enrollees
  - A 30-year benefit recipient with spouse in the Aetna Medicare plan will pay \$70 less per month for an annual savings of \$840
    - Premium decreased \$888 in 2022 for a \$1,728 annual decrease since 2021
- **4% of enrollees will have a premium increase**
  - 2,700 Medicare individuals enrolled in AultCare or Medical Mutual Basic plan
  - 1,200 non-Medicare; 850 Basic plan children and 350 Paramount enrollees
  - 80% or about 3,100 of these enrollees can change plans to reduce premiums

# Health Care Update

## Premium History Recipient With 30+ Years



- Premiums are net of Medicare Part B reimbursement and rebates in 2020 and 2021
- Aetna Medicare premiums have decreased significantly since 2017
- Basic Plan non-Medicare have stayed within a 12% range (5% without 2022)

# Health Care Update

## Benefit Recipients With 30 or More Years

	2022		2023		
	Total Cost (Spouse Premium)	Monthly Premium	Total Cost (Spouse Premium)	Premium 2.2% per YOS	Premium with Med B Credit
<b>Medicare</b>					
Aetna MA	\$289	\$107	\$180	\$61	\$31
Medical Mutual Basic	\$326	\$144	\$318	\$158	\$128
AultCare PrimeTime HMO-POS	\$288	\$107	\$286	\$126	\$96
Paramount	\$328	\$146	\$304	\$144	\$114
<b>Non-Medicare</b>					
Medical Mutual Basic/Aetna Basic	\$1,144	\$423	\$1,143	\$286	
AultCare PPO	\$910	\$337	\$930	\$232	
Paramount	\$873	\$323	\$1,050	\$262	

# Questions?

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# STRS Ohio Contact Information



**STRS Ohio**

**888-227-7877 (toll-free)**



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