

STATE TEACHERS RETIREMENT SYSTEM  
OF OHIO

ANNUAL REPORT OF POST EMPLOYMENT  
HEALTH CARE BENEFITS  
JUNE 30, 2015

As Required by Section 3307.51, Ohio Revised Code

The State Teachers Retirement System is authorized by Section 3307.39, Ohio Revised Code, to provide group health care benefits to benefit recipients and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

Health care benefits are available to all recipients of retirement, disability or survivor benefits from STRS Ohio. Coverage may be extended to a spouse, dependent children, and sponsored dependents for an additional monthly premium. Benefit recipients and dependents age 65 or older must enroll in Medicare Part B. In 2015, STRS Ohio reimbursed Medicare-eligible benefit recipients 1.67874% of the 2015 Medicare Part B premium for each year of service credit. However, this reimbursement was not less than \$29.90 per month or more than \$52.83 per month for any benefit recipient.

The number of benefit recipients and dependents enrolled in an STRS Ohio health care plan as of June 30, 2015 is:

	<u>Benefit Recipients</u>	<u>Dependents</u>
Without Medicare	26,136	7,485
With Medicare	82,996	14,345

The Retirement Board has established a Health Care Reserve Fund within the Employers' Trust Fund from which health care benefits are paid. For the fiscal year ended June 30, 2015, the Board allocated 0% of covered payroll to the Health Care Reserve Fund. Assets in the Health Care Reserve Fund are reported at fair value, and investment earnings are credited at the market rates of return earned by the total pool of STRS Ohio investments.

**Post Employment Health Care  
Statement of Plan Net Position**

*As of June 30, 2015  
(In Thousands)*

**Assets:**

Cash and short-term investments	\$ 81,430
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**Receivables:**

Accrued interest and dividends	8,265
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Securities sold	38,520
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<b>Total receivables</b>	<u>46,785</u>
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**Investments, at fair value:**

Fixed income	690,050
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Domestic equities	1,046,454
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International	848,018
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Real estate	438,629
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Alternative investments	453,951
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Total investments	3,477,102
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Invested securities lending collateral	67,558
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<b>Total assets</b>	<u>3,672,875</u>
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**Liabilities:**

Securities purchased	49,879
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Debt on real estate investments	84,706
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Accrued expenses and other liabilities	1,477
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Medical benefits payable	19,719
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Obligations under securities lending program	67,558
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<b>Total liabilities</b>	<u>223,339</u>
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**Net position held in trust for post employment  
health care benefits:**

<u><u>\$3,449,536</u></u>
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**Post Employment Health Care  
Statement of Changes in Net Position**

*As of June 30, 2015  
(In Thousands)*

**Additions:**

Contributions:

Employer	\$ 0
Government reimbursements	61,127
Benefit recipient health care premiums	306,569
<b>Total contributions</b>	<b>367,696</b>

Investment income from investing activities:

Net appreciation in fair value of investments	118,791
Interest	22,255
Dividends	37,743
Real estate income	11,673
Investment income	190,462
Less investment expenses	(1,810)
Less external asset management fees	(8,610)
Net income from investing activities	180,042
Securities lending income	582
Securities lending expenses	(58)
Net income from securities lending activities	524
Net investment income	180,566
<b>Total additions</b>	<b>548,262</b>

**Deductions:**

Health care benefits	672,615
Administrative expenses	2,569
<b>Total deductions</b>	<b>675,184</b>
<b>Net increase</b>	<b>(126,922)</b>

**Net position held in trust for post employment  
health care benefits:**

<b>Beginning of year</b>	<b>3,576,458</b>
<b>End of year</b>	<b>\$3,449,536</b>

**Post Employment Health Care  
Six-Year History**

Fiscal Year Ended (in Thousands)

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Employer contributions</b>	\$ 0	\$ 98,330	\$ 99,179	\$ 101,025	\$ 103,694	\$ 103,415
<b>Government reimbursements</b>	\$ 61,127	\$ 46,132	\$ 41,200	\$ 92,213	\$ 70,556	\$ 38,156
<b>Benefit recipient premiums</b>	\$ 306,569	\$ 277,477	\$ 261,903	\$ 246,264	\$ 222,130	\$ 222,316
<b>Investment income</b>	\$ 180,566	\$ 524,484	\$ 402,110	\$ 54,990	\$ 608,969	\$ 348,311
<b>Health care costs</b>	\$ 672,615	\$ 629,465	\$ 599,818	\$ 627,890	\$ 604,456	\$ 592,416
<b>Administrative expenses</b>	\$ 2,569	\$ 2,495	\$ 2,555	\$ 2,568	\$ 2,502	\$ 2,523
<b>Net position available for benefits</b>	\$ 3,449,536	\$ 3,576,458	\$ 3,261,995	\$ 3,059,976	\$ 3,195,942	\$ 2,797,551