

STATE TEACHERS RETIREMENT SYSTEM  
OF OHIO

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ANNUAL REPORT OF POSTEMPLOYMENT  
HEALTH CARE BENEFITS  
JUNE 30, 2001

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. Most 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. STRS Ohio reimburses 90% of the Medicare Part B premium for retirees with 30 or more years of service credit. Other retirees receive reimbursement equal to 3% of the Medicare Part B premium for each year of service credit, except that the reimbursement will not be less than \$29.90 per month.

The number of benefit recipients and dependents as of June 30, 2001 is:

	<u>Benefit Recipients</u>	<u>Dependents</u>
Without Medicare	27,464	15,492
With Medicare	55,610	15,949

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, 2001, the Board allocated 4.5% of covered payroll to the Health Care Reserve Fund. The allocation to the Health Care Reserve Fund for the year ended June 30, 2002 will be 4.5% of covered payroll. 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 ASSETS

*As of June 30, 2001*  
*(In Thousands)*

**ASSETS**

Cash and short-term investments \$ 39,208

Receivables:

Accrued interest and dividends 10,856

Contributions 12,537

Securities sold 5,162

Total receivables 28,555

Investments, at fair value

Fixed income 720,002

Common and preferred stock 1,502,852

International 569,963

Real Estate 393,837

Alternative Investments 57,396

Total investments 3,244,050

Collateral on loaned securities 224,784

Total assets 3,536,597

**LIABILITIES**

Securities purchased 12,656

Accrued expenses and other liabilities 958

Medical benefits payable 42,035

Obligations under securities lending program 225,008

Total liabilities 280,657

**NET ASSETS HELD IN TRUST FOR  
POSTEMPLOYMENT HEALTH CARE BENEFITS**

3,255,940

POSTEMPLOYMENT HEALTH CARE  
STATEMENT OF CHANGES IN PLAN NET ASSETS

*For the year ended June 30, 2001  
(In Thousands)*

**ADDITIONS**

Contributions	
Employer	\$ 363,166
Benefit recipient health care premiums	68,582
Total contributions	431,748
Investment Income:	
From investing activities	
Net appreciation in fair value of investments	(318,843)
Interest	48,162
Dividends	25,261
Real estate income	24,244
	(221,176)
Less investment expenses	(1,383)
Net income from investing activities	(222,559)
From securities lending activities	
Securities lending income	13,302
Securities lending expenses	(12,443)
Net income from securities lending activities	859
Net investment income	(221,700)
Total additions	210,048

**DEDUCTIONS**

Health care benefits	369,354
Administrative expenses	3,860
Total deductions	373,214
NET INCREASE	(163,166)

**NET ASSETS HELD IN TRUST FOR  
POSTEMPLOYMENT HEALTH CARE BENEFITS**

BEGINNING OF YEAR	3,419,106
END OF YEAR	\$3,255,940

POSTEMPLOYMENT HEALTH CARE  
SIX-YEAR HISTORY

FISCAL YEAR ENDED  
(In Thousands)

	2001	2000	1999	1998	1997	1996
<b>Employer Contributions</b>	\$363,166	\$615,652	\$587,062	\$248,928	\$136,116	\$131,073
<b>Health care benefits**</b>	\$300,772	\$283,137	\$249,929	\$219,224	\$192,077	\$176,773
<b>Administrative expenses</b>	\$3,860	\$3,274	\$2,371	\$1,432	\$886	*
<b>Net assets available for benefits</b>	\$3,255,940	\$3,419,106	\$2,783,366	\$2,156,004	\$1,859,533	\$1,638,850

\* Not available prior to implementation of GASB Statement No. 26 in 1997

\*\* Health care benefits net of premiums paid by benefit recipients