

STATE TEACHERS RETIREMENT SYSTEM
OF OHIO

ANNUAL REPORT OF POSTEMPLOYMENT
HEALTH CARE BENEFITS
JUNE 30, 1999

As Required by Section 3307.20, Ohio Revised Code

The State Teachers Retirement System is authorized by Section 3307.74, 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, 1999 is:

	<u>Benefit Recipients</u>	<u>Dependents</u>
Without Medicare	24,474	13,990
With Medicare	54,070	15,102

The Retirement Board has established a Health Care Reserve Fund within the Employers' Trust Fund from which health care benefits are paid. Employer contributions equal to 2% of covered payroll are allocated to the Health Care Reserve Fund. However, for the fiscal year ended June 30, 1999, the Board allocated 8% of covered payroll. The allocation to the Health Care Reserve Fund for the year ended June 30, 2000 will be 8% 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, 1999
(In Thousands)

ASSETS

Cash and short-term investments	\$ 98,842
Receivables:	
Accrued interest and dividends	9,224
Contributions	18,825
Securities sold	9,489
Total receivables	<u>37,538</u>
Investments, at fair value	
Fixed income	592,661
Common and preferred stock	1,212,589
International	623,760
Real Estate	250,440
Alternative Investments	15,033
Total investments	<u>2,694,483</u>
Collateral on loaned securities	196,627
Total assets	<u>3,027,490</u>

LIABILITIES

Securities purchased	9,959
Accrued expenses and other liabilities	988
Medical benefits payable	36,550
Obligations under securities lending program	196,627
Total liabilities	<u>244,124</u>

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

\$2,783,366

POSTEMPLOYMENT HEALTH CARE
STATEMENT OF CHANGES IN PLAN NET ASSETS

For the year ended June 30, 1999
(In Thousands)

ADDITIONS

Contributions	
Employer	\$ 587,062
Benefit recipient health care premiums	47,819
Total contributions	634,881
Investment Income:	
From investing activities	
Net appreciation in fair value of investments	223,729
Interest	32,288
Dividends	21,905
Real estate income	15,022
	292,944
Less investment expenses	(805)
Net income from investing activities	292,139
From securities lending activities	
Securities lending income	8,024
Securities lending expenses	(7,563)
Net income from securities lending activities	461
Net investment income	292,600
Total additions	927,481

DEDUCTIONS

Health care benefits	297,748
Administrative expenses	2,371
Total deductions	300,119
NET INCREASE	627,362

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

BEGINNING OF YEAR	2,156,004
END OF YEAR	\$2,783,366

POSTEMPLOYMENT HEALTH CARE
SIX-YEAR HISTORY

FISCAL YEAR ENDED
(In Thousands)

	1999	1998	1997	1996	1995	1994
Employer Contributions	\$587,062	\$248,928	\$136,116	\$131,073	\$126,541	\$121,217
Health care benefits**	\$249,929	\$219,224	\$192,077	\$176,773	\$165,767	\$157,276
Administrative expenses	\$2,371	\$1,432	\$886	*	*	*
Net assets available for benefits	\$2,783,366	\$2,156,004	\$1,859,533	\$1,638,850	\$1,503,228	\$829,600

* Not available prior to implementation of GASB Statement No. 26 in 1997
 ** Health care benefits paid net of premiums paid by benefit recipients

Note 1

Net assets available for benefits include the following additional transfers of funds:

1995	\$652,000,000
1994	\$ 60,000,000