



**STATE TEACHERS RETIREMENT SYSTEM
OF OHIO**

**ANNUAL REPORT OF POSTEMPLOYMENT
HEALTH CARE BENEFITS
JUNE 30, 1998**

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 costs will be absorbed by STRS. 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. 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 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, 1998 is:

	<u>Benefit Recipients</u>	<u>Dependents</u>
Without Medicare	22,890	12,945
With Medicare	53,635	14,868

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, 1998, the board allocated 3.5% of covered payroll. The allocation to the Health Care Reserve Fund for the year ended June 30, 1999, 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 investments.

POSTEMPLOYMENT HEALTH CARE
STATEMENT OF PLAN NET ASSETS

As of June 30, 1998
(In Thousands)

ASSETS

Cash and short-term investments	\$ 96,206
Receivables:	
Accrued interest and dividends	7,271
Employer contributions	8,276
Securities sold	23,065
Total receivables	<u>38,612</u>
Investments, at fair value:	
Fixed income	502,361
Common and preferred stock	957,305
International	439,029
Real Estate	181,458
Alternative Investments	6,296
Total investments	<u>2,086,449</u>
Collateral on loaned securities	147,319
Total assets	<u>2,368,586</u>

LIABILITIES

Securities purchased	29,159
Accrued expenses and other liabilities	568
Medical benefits payable	35,536
Obligations under securities lending program	<u>147,319</u>
Total liabilities	<u>212,582</u>

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

\$2,156,004

**POSTEMPLOYMENT HEALTH CARE
STATEMENT OF CHANGES IN PLAN NET ASSETS**

*For the year ended June 30, 1998
(In Thousands)*

ADDITIONS

Contributions:

Employer	\$ 248,928
Benefit recipient health care premiums	39,682
Total contributions	<u>288,610</u>

Investment Income:

Net appreciation in fair value of investments	208,707
Interest	28,603
Dividends	19,675
Rent	11,522

Securities lending income	5,430
	<u>273,937</u>

Less investment expenses (614)

Less securities lending expenses (5,124)

Net investment income 268,199

Total additions 556,809

DEDUCTIONS

Health care benefits 258,906

Administrative expenses 1,432

Total deductions 260,338

NET INCREASE 296,471

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

BEGINNING OF YEAR 1,859,533

END OF YEAR \$2,156,004

POSTEMPLOYMENT HEALTH CARE
SIX-YEAR HISTORY

FISCAL YEAR ENDED
(In Thousands)

	1998	1997	1996	1995	1994	1993
Employer Contributions	\$248,928	\$136,116	\$131,073	\$126,541	\$121,217	\$116,325
Health care benefits **	\$219,224	\$192,077	\$176,773	\$165,767	\$157,276	\$187,318
Administrative expenses	\$1,432	\$886	*	*	*	*
Net assets available for benefits	\$2,156,004	\$1,859,533	\$1,638,850	\$1,503,228	\$829,600	\$750,749

* 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
1993	\$ 20,466,000