

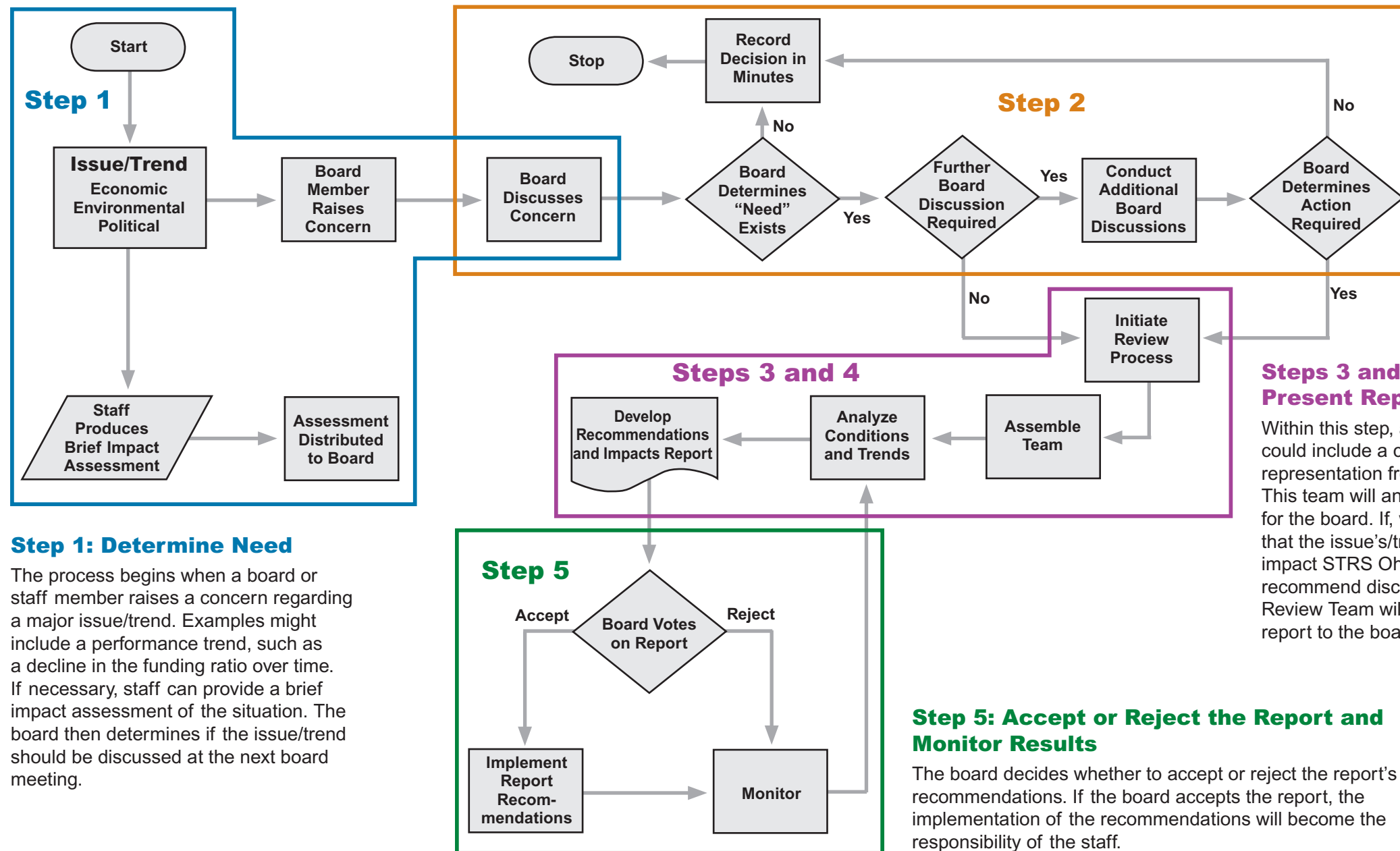
Long-Term Fiduciary and Financial Contingency Planning

This contingency planning process (as illustrated in the flowchart below) works as follows:

1. An issue/trend is identified to the Retirement Board, which is then discussed in an open forum.
2. The Retirement Board determines if action or additional discussion is required.
3. At the direction of the Retirement Board, a Review Team is assembled to study the issue's/trend's impacts.
4. A report is developed and presented to the Retirement Board at a formal meeting.
5. The Retirement Board accepts or rejects the report.

The membership and other affected stakeholders will be informed of the strategic review taking place *throughout the process*.

Each of the steps is described more fully below.



Step 1: Determine Need

The process begins when a board or staff member raises a concern regarding a major issue/trend. Examples might include a performance trend, such as a decline in the funding ratio over time. If necessary, staff can provide a brief impact assessment of the situation. The board then determines if the issue/trend should be discussed at the next board meeting.

Step 2: Discuss and Determine Need for Action

The most important aspect of this step is determining what constitutes a need for action, as an incorrect determination may cause the board to overreact or to miss an event. During the board's discussion, it will determine whether or not to react to the issue/trend. If the board determines that there is a need to address the issue/trend, the board may elect to have additional discussion or move immediately to form a Review Team to provide recommendations.

Steps 3 and 4: Conduct Review Process and Present Report to Board

Within this step, a Review Team is assembled; its composition could include a committee of board members, staff, representation from relevant external groups and/or consultants. This team will analyze the issue/trend and then develop a report for the board. If, within this step, the Review Team determines that the issue's/trend's perceived threat will not adversely impact STRS Ohio, the Review Team will inform the board and recommend discontinuing the review. If this is not the case, the Review Team will develop its recommendations and present a report to the board.

Step 5: Accept or Reject the Report and Monitor Results

The board decides whether to accept or reject the report's recommendations. If the board accepts the report, the implementation of the recommendations will become the responsibility of the staff.