



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 EAST BROAD STREET, SUITE 100, COLUMBUS, OHIO 43215-374 • 614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

**GASB 68 Disclosure Information
June 30, 2014**

	Source Document												
<p>Pension Plan Description (paragraph 76)</p> <ul style="list-style-type: none"> • The Name of the pension plan • A brief description of the benefit terms • A brief description of the contribution requirements • Access to the Pension Plan’s stand-alone financial report 	<ul style="list-style-type: none"> • School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2014 Plan Summary, Pages 26-27 and Pages 96-102 												
<p>Actuarial Assumptions (paragraph 77)</p> <ul style="list-style-type: none"> • Valuation Date : June 30, 2014 • Actuarial Cost Method: Entry Age Normal • Wage Inflation: 3.25% • Projected Salary Increases: 4.00% to 22.00%, including inflation • Investment Rate of Return: 7.75% • Cost of Living Increases (COLA): 3.0% • Mortality Tables: 1994 Group Annuity Mortality Table set back one year for both men and women • Date of Most Recent Experience Study: 6/30/2010 	<ul style="list-style-type: none"> • School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2014 Financial Section, Footnote 6, Page 33 • GASB Statement No. 68 Report for the Basic Benefits Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2014 Prepared by Cavanaugh Macdonald Consulting, LLC Pages 4 and 9 												
<p>Sensitivity of Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (paragraph 78)</p> <table border="1" data-bbox="205 1203 1033 1377"> <thead> <tr> <th colspan="3">Employer’s Net Pension Liability</th> </tr> <tr> <th>1% Decrease</th> <th>Current Discount Rate</th> <th>1% Increase</th> </tr> </thead> <tbody> <tr> <td>6.75%</td> <td>7.75%</td> <td>8.75%</td> </tr> <tr> <td>\$7,220,462</td> <td>\$5,060,943</td> <td>\$3,244,601</td> </tr> </tbody> </table>	Employer’s Net Pension Liability			1% Decrease	Current Discount Rate	1% Increase	6.75%	7.75%	8.75%	\$7,220,462	\$5,060,943	\$3,244,601	<ul style="list-style-type: none"> • School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2014 Financial Section, Footnote 6, Page 34 • GASB Statement No. 68 Report for the Basic Benefits Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2014 Prepared by Cavanaugh Macdonald Consulting, LLC Page 6
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<p>Long-term Expected Rate of Return Expectation (paragraph 78)</p> <ul style="list-style-type: none"> • The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the <i>Statement of Investment Policy</i>. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. 	<ul style="list-style-type: none"> • School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2014 Financial Section, Footnote 6, Page 33 • GASB Statement No. 68 Report for the Basic Benefits Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2014 Prepared by Cavanaugh Macdonald Consulting, LLC Page 5 																								
<p>Long-term Expected Rate of Return by Asset Class (paragraph 78)</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: center;">Asset Class</th> <th style="text-align: center;">Allocation</th> <th style="text-align: center;">Real Rate of Return</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: center;">1.00%</td> <td style="text-align: center;">0.00%</td> </tr> <tr> <td>US Stocks</td> <td style="text-align: center;">22.50%</td> <td style="text-align: center;">5.00%</td> </tr> <tr> <td>Non-US Stocks</td> <td style="text-align: center;">22.50%</td> <td style="text-align: center;">5.50%</td> </tr> <tr> <td>Fixed Income</td> <td style="text-align: center;">19.00%</td> <td style="text-align: center;">1.50%</td> </tr> <tr> <td>Private Equity</td> <td style="text-align: center;">10.00%</td> <td style="text-align: center;">10.00%</td> </tr> <tr> <td>Real Estate</td> <td style="text-align: center;">10.00%</td> <td style="text-align: center;">5.00%</td> </tr> <tr> <td>Hedge Funds</td> <td style="text-align: center;">15.00%</td> <td style="text-align: center;">7.50%</td> </tr> </tbody> </table>	Asset Class	Allocation	Real Rate of Return	Cash	1.00%	0.00%	US Stocks	22.50%	5.00%	Non-US Stocks	22.50%	5.50%	Fixed Income	19.00%	1.50%	Private Equity	10.00%	10.00%	Real Estate	10.00%	5.00%	Hedge Funds	15.00%	7.50%	<ul style="list-style-type: none"> • School Employees Retirement System of Ohio Comprehensive Annual Financial Report For the Year Ended June 30, 2014 Financial Section, Footnote 6, Page 34 • GASB Statement No. 68 Report for the Basic Benefits Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2014 Prepared by Cavanaugh Macdonald Consulting, LLC Page 5
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<p>Net Pension Liability (NPL) as of June 30, 2013 The total NPL as of June 30, 2013 can be calculated as follows: Total pension liability @ 6/30/2013 – Plan net position @ 6/30/2013 \$17,247,161,078 - \$11,300,482,029 = \$5,946,679,049</p> <p>Individual employers can apply their proportionate share percentage as identified in the Schedule of Employer Allocations As of and For the Year Ended June 30, 2014 to determine its proportionate share of the June 30, 2013 NPL.</p>	<ul style="list-style-type: none">• Pension liability and Plan net position figures may be found in: GASB Statement No. 67 Report for the Basic Benefits Valuation of the School Employees Retirement System of Ohio Prepared as of June 30, 2014 Prepared by Cavanaugh Macdonald Consulting, LLC Page 8• Proportionate share calculation may be found in: School Employees Retirement System of Ohio Schedule of Employer Allocations and Schedule of Pension Amounts by Employer As of and For the Year Ended June 30, 2014 Audited by McGladrey, LLP