



**Retirement Board Agenda  
THURSDAY, SEPTEMBER 21, 2023**

**Click Link to Join Zoom Meeting:**

<https://ohsers.zoom.us/j/97158839548?pwd=TWI0RFoxSC9lWmZlNGErK2NVNjVfUT09>

**Meeting ID:** 971 5883 9548

**Password:** 12345

To join by phone, dial: (929) 205-6099 and enter the meeting ID: **971 5883 9548** and password: **12345** when prompted.

**PLEDGE OF ALLEGIANCE**

1. Roll Call

**CONSENT AGENDA (R)**

2. Approval of the July 20, 2023 Retirement Board Meeting Minutes
3. Summary of Investment Transactions
  - June 1, 2023 to June 30, 2023
  - July 1, 2023 to July 31, 2023
4. Retirement Report
  - Superannuation and Survivor Benefits
  - Special Cases
5. Disability Report
  - Approval of Disability Benefits
  - Disapproval of Disability Benefits
  - Termination of Disability Benefits
  - Termination of Disability Benefits – Any Occupation
  - Approval of Appeal of Termination – Any Occupation

**INVESTMENT REPORT**

6. Quarterly Performance Report - Wilshire Associates (Period Ending June 30, 2023)
7. Quarterly Investment Report and Monthly Investment Report – Periods Ending: June 30, 2023, and July 31, 2023
8. Quarterly Risk Report (Period Ending June 30, 2023)

**EXECUTIVE DIRECTOR'S REPORT**

9. Executive Director's Update
10. COLA (Cost of Living Adjustment) Discussion (R)
11. Actuarial Valuation Report – Allocation of Employer Contributions – Health Care Fund (R)
12. Amended Health Care Surcharge Minimum Compensation Amount for FY2024 and Health Care Surcharge Minimum Compensation Amount for FY2025 (R-2)
13. Year End Budget To Actual Report
14. Review of Administrative Expenses
15. Filing of Proposed Amended Administrative Rule (R)
16. Final Filing of Proposed Amended Administrative Rules (R)
17. Cincinnati Retirement System – Transfer of Service Credit Agreement (R)
18. CBBC Factor (R)

**RETIREMENT REPORT**

19. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R)

**RECESS FOR COMPENSATION APPEAL**

20. Compensation Appeal Discussion (R)

**AUDIT COMMITTEE REPORT**

21. Audit Committee Update
22. Audit Committee Charter Amendment (R)

**COMPENSATION COMMITTEE REPORT**

23. Compensation Committee Update

**BOARD COMMUNICATION AND POLICY ISSUES**

24. Calendar Dates for Future Board Meetings
25. Continued or New Business - Board Information Requests and Follow-up Items

**ADJOURNMENT (R)**

FY2024 SERS Board Roll Call

Frank Weglarz	_____
Matthew King	_____
Jeffrey DeLeone	_____
James Haller	_____
Catherine Moss	_____
Barbra Phillips	_____
James Rossler	_____
Aimee Russell	_____
Daniel Wilson	_____

## CONSENT AGENDA

1. Minutes of the
  - a. **July 20, 2023**, Retirement Board meeting
2. Summary of Investment Transactions – **June 1, 2023 to June 30, 2023, and July 1, 2023 to July 31, 2023**
3. Retirement Report
  - a. Superannuations and Survivor Benefits and Transfers
  - b. Special Cases
4. Disability Report
  - a. Approval of Disability Benefits
  - b. Disapproval of Disability Benefits
  - c. Termination of Disability Benefits – Any Occupation
  - d. Termination of Disability Benefits – Any Occupation
  - e. Approval of Appeal of Termination – Any Occupation

**APPROVAL OF CONSENT AGENDA**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to approve the Consent Agenda, which includes the following items:

- 1. Minutes of the
  - a. **July 20, 2023**, Retirement Board meeting
- 2. Summary of Investment Transactions – **June 1, 2023 to June 30, 2023, and July 1, 2023 to July 31, 2023**
- 3. Retirement Report
  - a. Superannuations and Survivor Benefits and Transfers
  - b. Special Cases
- 4. Disability Report
  - a. Approval of Disability Benefits
  - b. Disapproval of Disability Benefits
  - c. Termination of Disability Benefits – Any Occupation
  - d. Termination of Disability Benefits – Any Occupation
  - e. Approval of Appeal of Termination – Any Occupation

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____



# **SERS Retirement Board Meeting Minutes**

**July 20, 2023**

## **Consent Agenda**

The consent agenda for **July 20, 2023**, included:

- Minutes of the June 15, 2023, Retirement Board meeting
- Summary of Investment Transactions for the period of May 1, 2023, to May 31, 2023
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Termination of Disability Benefits – Any Occupation, Approval of Appeal of Personal Appearance, Approval of Appeal of Termination – Any Occupation, Approval of Appeal of Termination on Personal Appearance – Any Occupation

Catherine Moss moved and Barbra Phillips seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, July 20, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Absent: Jeffrey DeLeone. The motion carried.

## **Investment Report**

### **Monthly Investment Report**

Chief Investment Officer, Farouki Majeed, recapped the May 2023 U.S. economic conditions and SERS' investment results. During May, the U.S. economy continued its surprise resilience so much that the expectations of a severe recession earlier in 2023 have faded.

Mr. Majeed continued, stating it is possible that the economy is currently experiencing a “rolling recession” in certain sectors such as housing and real estate. The manufacturing industry is experiencing recessionary pressures, while other sectors of the economy remain unaffected.

Mr. Majeed also reported equity markets are still rising and emerging markets are looking favorable based valuations. SERS is currently rebalancing its equity and bond portfolios and is staying overweight in cash as short-term earnings have been between 4.5% and 5%.

After answering several questions and a robust discussion, the board thanked Mr. Majeed for his report.

### **Investment Committee Policy Discussion**

Mr. Majeed reported on changes made to the SERS Investment Committee Policy. One update states that in the future, voting participation will be limited to the CIO and Senior investment managers officers with sufficient experience as determined by the CIO. Analysts and investment officers will no longer have voting rights but they would participate the selection process.

A second change states that the CIO will now have the authority to execute necessary documents (i.e., non-disclosure agreements) with legal approval during the due diligence process and before the investment committee approval. This will help streamline the approval process for investments with a short window of opportunity. The investment committee will continue to approve or reject the investments at each committee meeting.

Finally, Mr. Majeed reported that the SERS Board will review the Investment Committee Policy annually.

With no questions, the board thanked Mr. Majeed for his update.

# SERS Retirement Board Meeting Minutes

July 20, 2023

## Executive Director's Report

### Ohio Retirement Study Council (ORSC)

SERS Executive Director, Richard Stensrud, opened his report stating that the July ORSC meeting was cancelled. The next meeting is scheduled for August 10, 2023, or at the call of the Chair.

### State Legislative Activity

Mr. Stensrud continued, reporting that the state operating budget bill (HB 33) that passed the General Assembly and was signed by Governor DeWine and included SERS' language to implement a Contribution Based Benefit Cap (CBBC) beginning in August of 2024. Leadership will work on an implementation plan to ensure everything is understood when it is rolled out. The board will be asked to decide on the factor used to apply the CBBC legislation. To assist in making that determination, SERS will conduct testing to see how different factor levels will affect retirement benefits. This testing will also determine how many people will be affected and what the effects are. SERS will create a communication campaign to make sure members and stakeholders understand how this affects benefits. SERS leadership will look to the board for a final decision.

The board and SERS leadership wants to express appreciation to the legislators working on the budget, House and Senate leaders, and legislative staff, as well as the members of ORSC, who were champions of the SERS' CBBC proposal. Leadership is also very thankful for the support received from stakeholders will continue to work with them as the CBBC legislation is implemented.

The Ohio General Assembly's next scheduled sessions are after Labor Day.

### Federal Legislative Activity

Mr. Stensrud continued his report, stating Congressman Richard Neal (D-MA) reintroduced his WEP reform legislation he has proposed for last several sessions (H.R. 4260). The legislation introduced was a reform not a repeal. Under the proposed bill, current WEP retirees would receive \$150 a month in relief payments. In addition, for future retirees, the legislation establishes a new, fairer formula that will pay Social Security benefits in proportion to the share of a worker's earnings that were covered for Social Security purposes. This provision is coupled with a benefit guarantee ensuring no benefit cuts relative to current law for all current and future retirees. Unfortunately, unlike last Congress, Rep. Neal is no longer chair of the Ways and Means committee, but is now in the minority. Plus, his partner on WEP reform proposals, Congressman Kevin Brady (R-TX) has retired. Therefore, chances of his reform approach gaining traction is very low. We will continue to advocate and support WEP repeal and reform.

### Stakeholders

Mr. Stensrud reported SERS recently had 2 in-person workshops with employers and one webinar to help them be more effective with their engagement with SERS.

Mr. Stensrud also advised of a technical change with Aetna's Medicare Advantage Plan. There will be no changes to the plan or benefits. Premiums and the network won't change either. Information will be added to the Aetna letter sent to members to let people know that no changes are coming to the plan and they always have the option to opt out.

### Next Actuarial Valuation

Mr. Stensrud reported that the next actuarial valuation will have new information regarding no default risk and there may be some confusion around what this is. The LDROM rate is low default risk obligation measure, and it requires the actuary to calculate and disclose liability of SERS investments. This new measure does not change how SERS funds the retirement plan and does not affect how we will fund the retirement plan going forward. This reporting requirement is not optional and actuaries must include this information in the actuarial

# SERS Retirement Board Meeting Minutes

July 20, 2023

valuation. Mr. Stensrud stated that the goal is to continue to be transparent and proactive about this topic so no one is confused.

## Operation Feed Update

Mr. Stensrud continued his report stating that from June 5 to June 16, SERS staff divided into three teams to compete in a donation drive to collect food and hygiene supplies in support of the Mid-Ohio Food Collective. Staff also had a competition while building their creative vision of a “bowling” lane using their donated items. Staff then donated a dollar to try bowling in each lane.

SERS started the campaign with a goal of 200 lbs. of food. Our three teams collected an amazing, 1,642 lbs. of food plus \$1,858 in monetary donations with Team #2 (Administrative Services, Finance, Health Care, Investments) collecting the most money from bowling.

## COLA Decision

Mr. Stensrud reported SERS usually makes a cost-of-living adjustment (COLA) decision annually in September. In June, the CPIW (Consumer Price index) used for COLA determinations, was 2.3% and an outline of considerations was provided when making the COLA determinations. CPIW is a simply a guideline, but the board can make its own decision.

The board took a break at 9:48 a.m.

The board reconvened at 10:00 a.m.

## Executive Session

Catherine Moss moved and James Haller seconded the motion that the board convene in Executive Session pursuant to R.C. 121.22 (G)(3) to discuss imminent court action. Upon roll call, the vote was as follows: Yea: Matthew King, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Absent: Jeffrey DeLeone. The motion carried.

The board convened in executive session at 10:01 a.m.

The board reconvened in open session at 10:38 a.m.

## Approval of Legal Action

It was moved by Catherine Moss and seconded by Barbra Phillips to authorize special counsel to the Ohio Attorney General's Office to commence litigation on behalf of the School Employees Retirement System of Ohio as discussed in the executive session of July 20, 2023 and to authorize the Executive Director to execute any documents necessary. Upon roll call, the vote was as follows: Yea: Matthew King, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Absent: Jeffrey DeLeone. The motion carried.

## Assumed Rate of Return

Mr. Stensrud continued his report stating at the June 2023 Board Meeting the question was raised as to whether the current 7.0% assumed rate of return remains appropriate. Cavanaugh Macdonald provided a memo explaining the annual process to review the actuarial assumed rate of return as required by ASOP No. 27 – *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on this assessment, Cavanaugh Macdonald believes the current 7% return assumption continues to be a reasonable assumption for use in the upcoming actuarial valuation as of June 30, 2023. The board agreed that this is a reasonable assumption.

# SERS Retirement Board Meeting Minutes

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## Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided an update on the administrative expenses. Ms. Hall advised FY2023 expenses were finalized on Friday. Finance staff needed to process all FY23 expenses before closing the books. Ms. Hall also stated as part of the SERS budget policy, a budget to actual report will be presented in September. With no questions, the board thanked Ms. Hall for her presentation and hard work.

## Amended SERS Board Meeting Policy and Amended Board Member Election Policy

SERS General Counsel, Joe Marotta, proposed amendments to update two Board policies. The updates are intended to address changes in staff titles, responsibilities, and processes. Below are summaries of the proposed changes.

1. **SERS Board Meeting Policy** - This policy addresses development of the Board meeting agenda and the items of business to be discussed. Updates to the policy reflect the use of the Consent Agenda to consolidate business that was previously addressed separately. Additional changes clarify standing agenda items and specify other items of business that are included when necessary.
2. **Retirement Board Member Election Policy** - This policy establishes the detailed procedure used by SERS staff to conduct the election of employee and retiree Board members, in compliance with SERS statutes and administrative rules. Updates to the procedure clarify staff responsibilities, specify the items addressed in the Board election resolution, and include the use of electronic nominating petitions.

Mr. Marotta stated the majority of updates are non-substantive; they involve reordering content to follow the sequence of events.

After a brief discussion, James Rossler moved and Barbra Phillips seconded the motion to approve the amended board meeting policy effective July 20, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Absent: Jeffrey DeLeone. The motion carried.

Barbra Phillips moved and Aimee Russell seconded the motion to approve the amended board member election policy effective July 20, 2023. Upon roll call, the vote was as follows: Yea: Matthew King, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Absent: Jeffrey DeLeone. The motion carried.

## Election of Employee Member

Catherine Moss moved and Barbra Phillips seconded that the following resolution be adopted:

BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of one employee member of the Retirement Board for the term beginning July 1, 2024, and ending June 30, 2028, shall be as provided herewith:

Any member of the Retirement System, other than a disability recipient, shall be eligible for election and the name of any member who is nominated by petitions, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petitions shall be signed by at least five hundred (500) members of the Retirement System of which there shall be not less than twenty (20) signers each from at least ten (10) counties wherein such members are employed; shall indicate the employer and county of employment of each signing member; shall include the member's SERS ID or last 4 digits of their social security number; shall be signed on or after August 8, 2023; original hard copy petitions, along with the originals of any other completed required forms, must be received in the office of the Retirement System no later than 4:30 p.m., EST, December 1, 2023. Electronic signatures on electronic petitions available on the SERS website must be completed by December 1, 2023, at 4:30 p.m., EST.

# SERS Retirement Board Meeting Minutes

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All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 4, 2024.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 5, 2024, and announce the results of the election.

The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy, and procedures.

Upon roll call, the vote was as follows: Yea: Matthew King, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Absent: Jeffrey DeLeone. The motion carried.

## **Election of Retiree Member**

Matthew King moved and Barbra Phillips seconded that the following resolution be adopted:

BE IT RESOLVED by the Retirement Board of the School Employees Retirement System that the election of one retiree member of the Retirement Board for the term beginning July 1, 2024, and ending June 30, 2028, shall be as provided herewith:

Any service or disability retiree of the Retirement System who is a resident of Ohio shall be eligible for election and the name of any retiree who is nominated by petitions, meeting the following requirements, shall be placed upon the ballot as a regular candidate. The petitions shall be signed by at least one hundred fifty (150) service or disability retirees of the Retirement System, of which there shall be not less than ten (10) signers each from at least five (5) Ohio counties, wherein service or disability retirees under this system reside; shall indicate the home address and county of each signing retiree; shall include the retiree's SERS ID or last 4 digits of their social security number; shall be signed on or after August 8, 2023; original hard copy petitions, along with the originals of any other completed required forms, must be received in the office of the Retirement System no later than 4:30 p.m., EST, December 1, 2023. Electronic signatures on electronic petitions available on the SERS website must be completed by December 1, 2023, at 4:30 p.m., EST.

All ballots, to be considered valid, must be received in the office of the Retirement System no later than 4:30 p.m. EST, March 4, 2024.

All ballots delivered to the office of the Retirement System shall be delivered unopened to judges appointed by the Retirement Board. The judges shall meet, make final determination of the validity of the ballots within the intent of this resolution, count the valid ballots on March 5, 2024, and announce the results of the election.

The election shall be conducted in accordance with the Retirement Board's election laws as well as its election rule, policy, and procedures.

Upon roll call, the vote was as follows: Yea: Matthew King, James Haller, Catherine Moss, Barbra Phillips, James Rossler, Aimee Russell, Daniel Wilson, and Frank Weglarz. Absent: Jeffrey DeLeone. The motion carried.

## **Definition of Compensation Discussion**

Legal staff Joe Marotta and Susan Russell reviewed in detail SERS' current compensation statute (R.C. 3309.01(V)) and rule (O.A.C. 3309-1-02). Mr. Marotta and Ms. Russell also discussed with the Board recent compensation scenarios raised by employers. Based upon feedback received from the Board, at a future Board meeting Legal staff will present different possibilities with respect to the definition of compensation, and potential pros and cons of those definitions.

The board had a robust discussion with an emphasis on other types of compensation and what should be included in an employee's final average salary. Board members agreed to consider a major overhaul of the

# SERS Retirement Board Meeting Minutes

July 20, 2023

definition of compensation as it relates to CBBC and legal staff looks forward to a thoughtful policy discussion at the next board meeting.

## **Compensation Committee Report**

Compensation Committee Chair Daniel Wilson provided an update on the work done at this morning's meeting. Mr. Wilson stated that the Executive Director's FY2024 goals were approved and that was the only agenda item of note.

## **Retirement Report**

There was no executive session for the retirement report.

## **Board Communication and Policy Issues**

### **Committee Appointments**

Board Chair Frank Weglarz appointed newly elected board member, Aimee Russell, to the Compensation Committee. Mr. Weglarz also stated that he prefer that all other committee members remain in their current position. The board agreed to maintain each committee roster as it stands.

### **Board Information Request & Follow Up Items**

The board expressed interest in increasing the travel budget for board members. Currently, the annual budget for board travel is \$6,000.00 for each board member. Mr. Stensrud advised that the limit is an ORSC policy and would need to be approved by the ORSC before any changes could be made. Board members agreed this increase should be explored further.

### **Calendar Dates for Future Board Meetings**

The board reviewed the meeting dates for 2023 and 2024.

## **CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2023**

### **AUDIT COMMITTEE MEETINGS**

September 20, 2023 - 2:30 p.m. (Weds.)  
December 20, 2023 – 2:30 p.m. (Weds.)

### **COMPENSATION COMMITTEE MEETINGS**

September 21, 2023 – 7:30 a.m. (Thurs.)  
December 21, 2023 – 7:30 a.m. (Thurs.)

### **TECHNOLOGY COMMITTEE MEETINGS**

September 21, 2023 – 12:30 p.m. (Thurs.)  
December 21, 2023 – 12:30 p.m. (Thurs.)

### **BOARD MEETINGS**

September 21 – 22, 2023 - 8:30 a.m. (Thurs. and Fri.)  
October 19 – 20, 2023 - 8:30 a.m. (Thurs. and Fri.)  
November 16 – 17, 2023 - 8:30 a.m. (Thurs. and Fri.)  
December 21 – 22, 2023 - 8:30 a.m. (Thurs. and Fri.)

# SERS Retirement Board Meeting Minutes

July 20, 2023

## CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 \*\*

### AUDIT COMMITTEE MEETINGS

March 20, 2024 – 2:30 p.m. (Weds.)  
June 19, 2024 – 2:30 p.m. (Weds.)  
September 18, 2024 - 2:30 p.m. (Weds.)  
December 18, 2024 – 2:30 p.m. (Weds.)

### COMPENSATION COMMITTEE MEETINGS

March 21, 2024 – 7:30 a.m. (Thurs.)  
June 20, 2024 – 7:30 a.m. (Thurs.)  
July 18, 2024 – 7:30 a.m. (Thurs.) \* **Special Meeting** \*  
September 19, 2024 – 7:30 a.m. (Thurs.)  
December 19, 2024 – 7:30 a.m. (Thurs.)

### TECHNOLOGY COMMITTEE MEETINGS

March 21, 2024 – 12:30 p.m. (Thurs.)  
June 20, 2024 – 12:30 p.m. (Thurs.)  
September 19, 2024 – 12:30 p.m. (Thurs.)  
December 19, 2024 – 12:30 p.m. (Thurs.)

### BOARD MEETINGS

February 15 - 16, 2024 - 8:30 a.m. (Thurs. and Fri.)  
March 21 - 22, 2024 – 8:30 a.m. (Thurs. and Fri.)  
April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)  
May 16 – 17, 2024 – 8:30 a.m. (Thurs. and Fri.)  
June 20 - 21, 2024 - 8:30 a.m. (Thurs. and Fri.)  
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)  
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)  
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)  
November 21 – 22, 2024 – 8:30 a.m. (Thurs. and Fri.)  
December 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)

**\*\* Please note that these dates and times are tentative.**

### Adjournment

Board Chair, Frank Weglarz, moved to adjourn to meet on Thursday, September 21, 2023, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 12:47 p.m.

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Frank Weglarz, Board Chair

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Richard Stensrud, Secretary

## SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

Summary of Investment Transactions to be  
Reported to the Retirement Board for  
Ratification in August

The following is a summary of the investment transactions made during the period of **June 1, 2023 through June 30, 2023**. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

## A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$310.1
Fixed Income	346.3
Private Equity Capital Calls	45.7
Real Asset Capital Calls	18.4
Opportunistic & Tactical	2.8
Global Private Credit	10.3
Cash Equivalents	529.9

## B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$333.5	38.1
Fixed Income	330.4	(2.2)
Private Equity distributions	25.2	n/a
Real Asset distributions	16.1	n/a
Opportunistic & Tactical	5.2	1.6
Global Private Credit	n/a	n/a
Cash Equivalents	619.6	n/a

## SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

Summary of Investment Transactions to be  
Reported to the Retirement Board for  
Ratification in September

The following is a summary of the investment transactions made during the period of **July 1, 2023 through July 31, 2023**. A detailed list of these transactions can be found in the Board Agenda mailed prior to the Retirement Board Meeting.

## A. PURCHASES

Asset Class	Approximate Cost (in millions)
Global Equities	\$111.0
Fixed Income	311.6
Private Equity Capital Calls	39.3
Real Asset Capital Calls	3.4
Opportunistic & Tactical	0.7
Global Private Credit	65.0
Cash Equivalents	1,028.5

## B. SALES

Asset Class	Approximate Net Proceeds (in millions)	Approximate Gain/(Loss) (in millions)
Global Equities	\$168.3	13.5
Fixed Income	291.1	(3.5)
Private Equity distributions	22.4	n/a
Real Asset distributions	33.6	n/a
Opportunistic & Tactical	25.5	14.8
Global Private Credit	65.1	15.1
Cash Equivalents	1,020.5	n/a

Wilshire



# Executive Summary of Investment Performance

As of June 30, 2023

## Market Commentary

### U.S. Equity

The U.S. stock market was up 8.43% for the second quarter and is up 19.03% for the past 12 months. The best performing sectors were information technology (+17.2%), consumer discretionary (+14.6) and communication services (+13.1%). The worst performing sector was utilities (-2.5%). From a size perspective, large-cap outperformed small-cap by 331 basis points. Growth stocks vastly outperformed value for the second straight quarter and now lead meaningfully for the one-year return.

Large-cap growth stocks are outperforming value stocks by an astonishing margin this year. While growth tends to lead during bull markets, the current 6-month return difference is the largest in 25 years at +29.4%. This can be dissected further to find that just a few stocks are contributing a vast majority of the overall market return through June. Additionally, most of these names are technology sector stocks – Amazon, Apple, Google and Meta. It is worth noting that these companies are highly dependent on the consumer's ability to spend. U.S. real personal consumption's steady growth during the past 1.5 years will need to continue to support not just economic growth but also current stock prices.

### Non-U.S. Equity

Economic growth within the United Kingdom has been positive enough this year to barely escape a technical recession. Inflation has been trending downward within Britain but at a much slower pace versus other regions, with annual changes being twice as high in the U.K. as in the U.S., as of the end of May. In China, several economic indicators have fallen short of expectations during the past few weeks, including measurements of industrial production, retail sales and trade.

### Fixed Income

The 10-year Treasury yield ended the quarter at 3.84%, up 37 basis points. Credit spreads were noticeably down during the quarter with high yield spreads down 69 basis points. The FOMC increased the overnight rate by 0.25% in May, targeting a range of 5.00% to 5.25%, before pausing increases in June. The Fed's "dot plot" is messaging that the current expectation is for another 50 basis point in increases before the end of 2023. In late June, Fed Chair Jerome Powell said that central bank policy "may not be restrictive enough and it has not been restrictive for long enough.

## June 2023 Asset Class Assumptions

	Equity						Fixed Income						Real Assets						
	US Stock	Dev ex-US Stock	Emg Stock	Global ex-US Stock	Global Stock	Private Equity	Cash	Core Bond	LT Core Bond	TIPS	High Yield	Private Credit	Dev ex-US Bond (Hdg)	US RES	Global RES	Private RE	Cmdty	Real Assets	US CPI
Compound Return (%)	5.50	6.50	6.75	6.85	6.15	9.00	3.85	4.85	4.80	4.05	6.20	8.35	3.05	5.75	5.90	6.00	6.10	6.60	2.25
Expected Risk (%)	17.00	18.00	26.00	19.05	17.10	29.65	0.75	4.70	9.85	6.00	10.00	12.75	4.00	17.50	16.45	13.90	16.00	12.35	1.75
Cash Yield (%)	1.50	3.10	2.60	2.95	2.05	0.00	3.85	4.95	5.15	4.35	9.40	5.00	3.60	4.05	4.05	2.30	3.85	3.25	0.00
Growth Exposure	8.00	8.00	8.00	8.00	8.00	14.00	0.00	-0.95	-2.40	-3.00	4.00	5.10	-1.00	6.00	6.00	3.50	0.00	2.70	0.00
Inflation Exposure	-3.00	0.00	5.00	1.45	-1.30	-3.75	0.00	-2.50	-6.80	2.50	-1.00	-1.50	-3.00	1.00	1.80	1.00	12.00	5.25	1.00
<b>Correlations</b>																			
US Stock	1.00																		
Dev ex-US Stock (USD)	0.81	1.00																	
Emerging Mkt Stock	0.74	0.74	1.00																
Global ex-US Stock	0.84	0.95	0.89	1.00															
Global Stock	0.95	0.91	0.84	0.94	1.00														
Private Equity	0.72	0.63	0.61	0.67	0.73	1.00													
Cash Equivalents	-0.05	-0.09	-0.05	-0.08	-0.06	0.00	1.00												
Core Bond	0.28	0.13	0.00	0.08	0.20	0.30	0.18	1.00											
LT Core Bond	0.31	0.15	0.01	0.11	0.24	0.31	0.11	0.94	1.00										
TIPS	-0.05	0.00	0.15	0.06	-0.01	-0.03	0.20	0.60	0.48	1.00									
High Yield Bond	0.54	0.39	0.49	0.46	0.53	0.31	-0.10	0.24	0.32	0.05	1.00								
Private Credit	0.68	0.55	0.58	0.60	0.68	0.44	0.00	0.24	0.30	0.00	0.76	1.00							
Dev ex-US Bond (Hdg)	0.16	0.25	-0.01	0.16	0.17	0.26	0.10	0.68	0.66	0.39	0.26	0.22	1.00						
US RE Securities	0.58	0.47	0.44	0.49	0.57	0.49	-0.05	0.17	0.22	0.10	0.56	0.62	0.05	1.00					
Global RE Securities	0.64	0.57	0.54	0.60	0.65	0.55	-0.05	0.17	0.21	0.11	0.61	0.68	0.04	0.96	1.00				
Private Real Estate	0.55	0.45	0.45	0.49	0.54	0.50	-0.05	0.19	0.25	0.09	0.58	0.63	0.05	0.79	0.78	1.00			
Commodities	0.25	0.34	0.39	0.38	0.32	0.28	0.00	-0.03	-0.03	0.25	0.29	0.29	-0.10	0.25	0.28	0.25	1.00		
Real Assets	0.62	0.63	0.65	0.69	0.67	0.57	-0.03	0.22	0.24	0.30	0.64	0.69	0.04	0.78	0.84	0.76	0.64	1.00	
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.13	-0.10	0.10	-0.12	-0.12	0.15	-0.08	0.00	-0.08	0.05	0.04	0.05	0.44	0.22	1.00

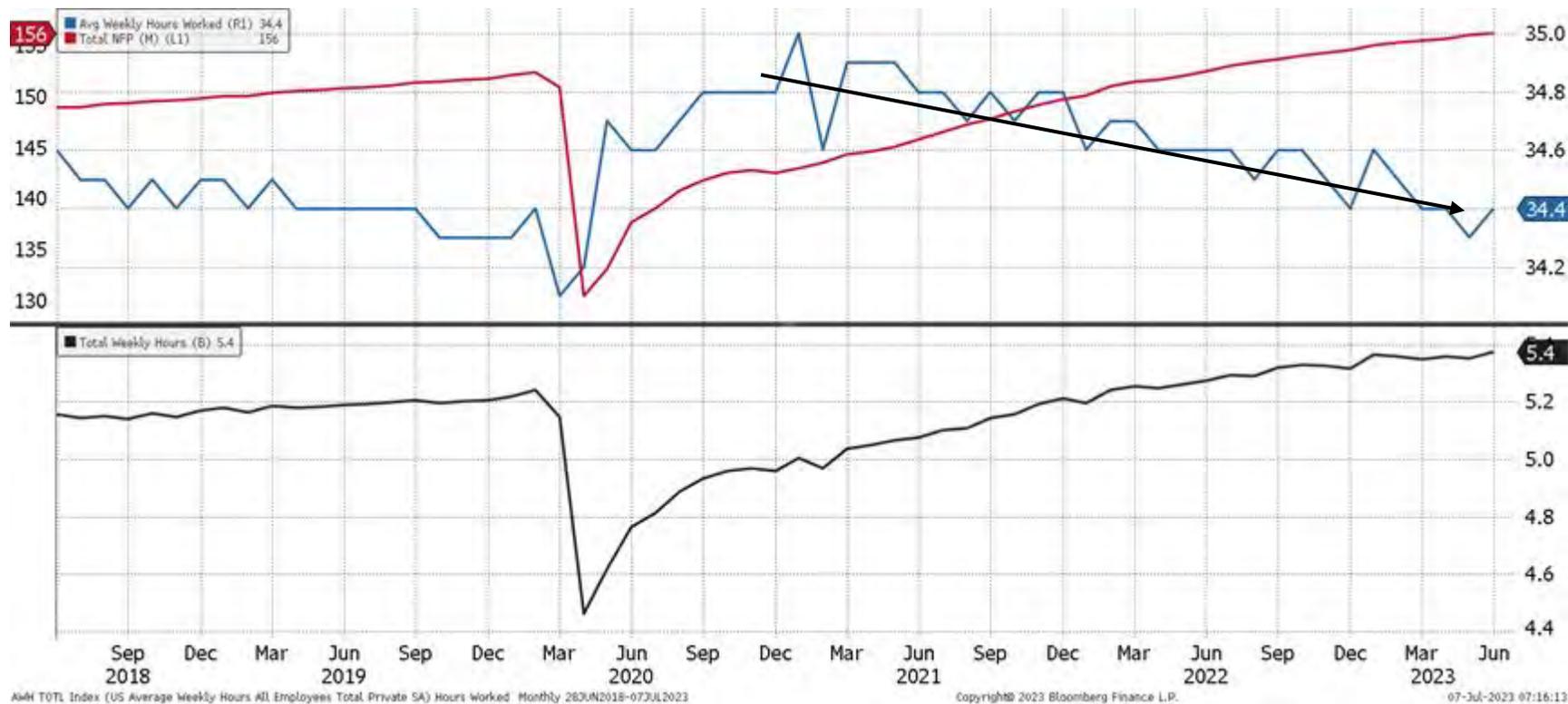
# Job Market Looks Strong (and exceeding expectations)...



NFP TCH Index (US Employees on Nonfarm Payrolls Total MoM Net Change SA) NFP v Survey Daily 31DEC2020-30JUN2023 Copyright© 2023 Bloomberg Finance L.P. 07-Jul-2023 07:13:31

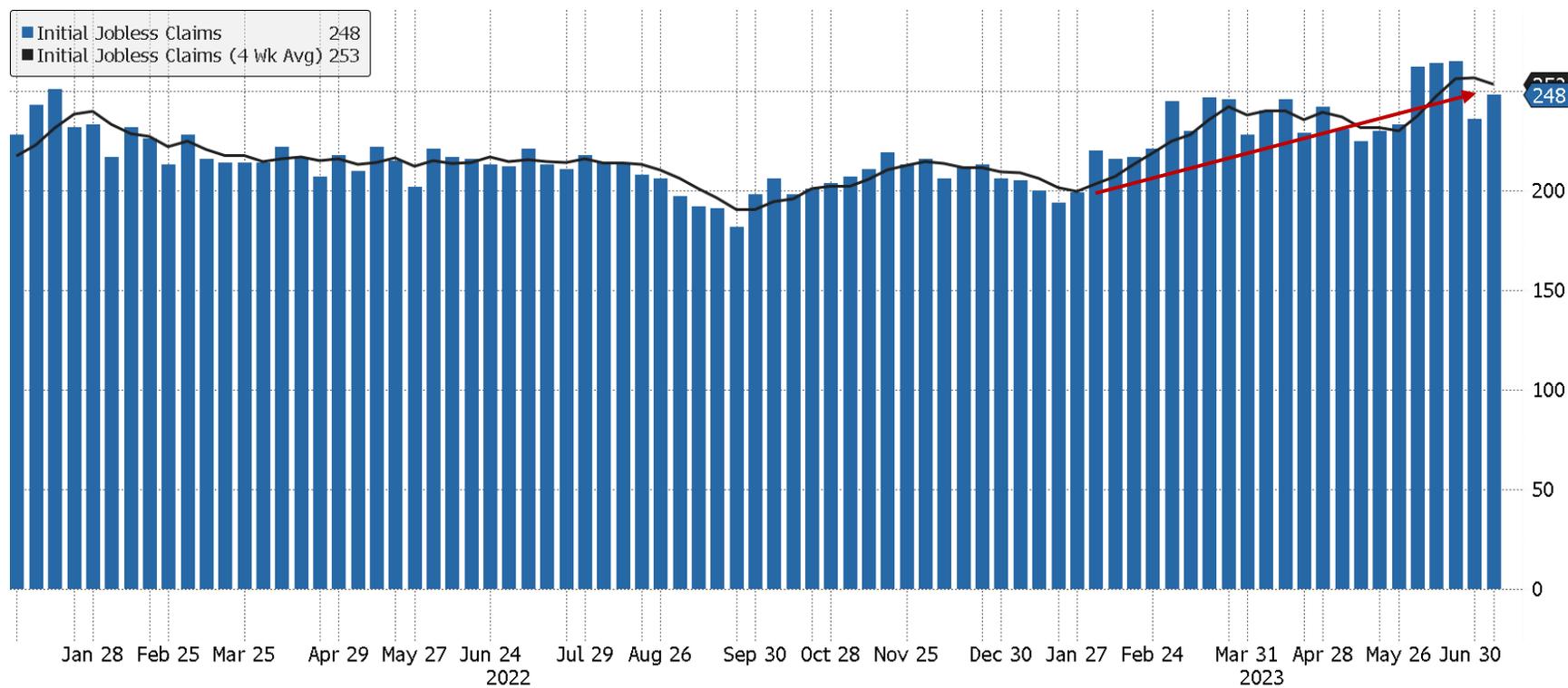
Data Source: Bloomberg

## Early Signs of Slowing: Plateau in Hours Worked



Data Source: Bloomberg

## Early Signs of Slowing: Increase in Claims



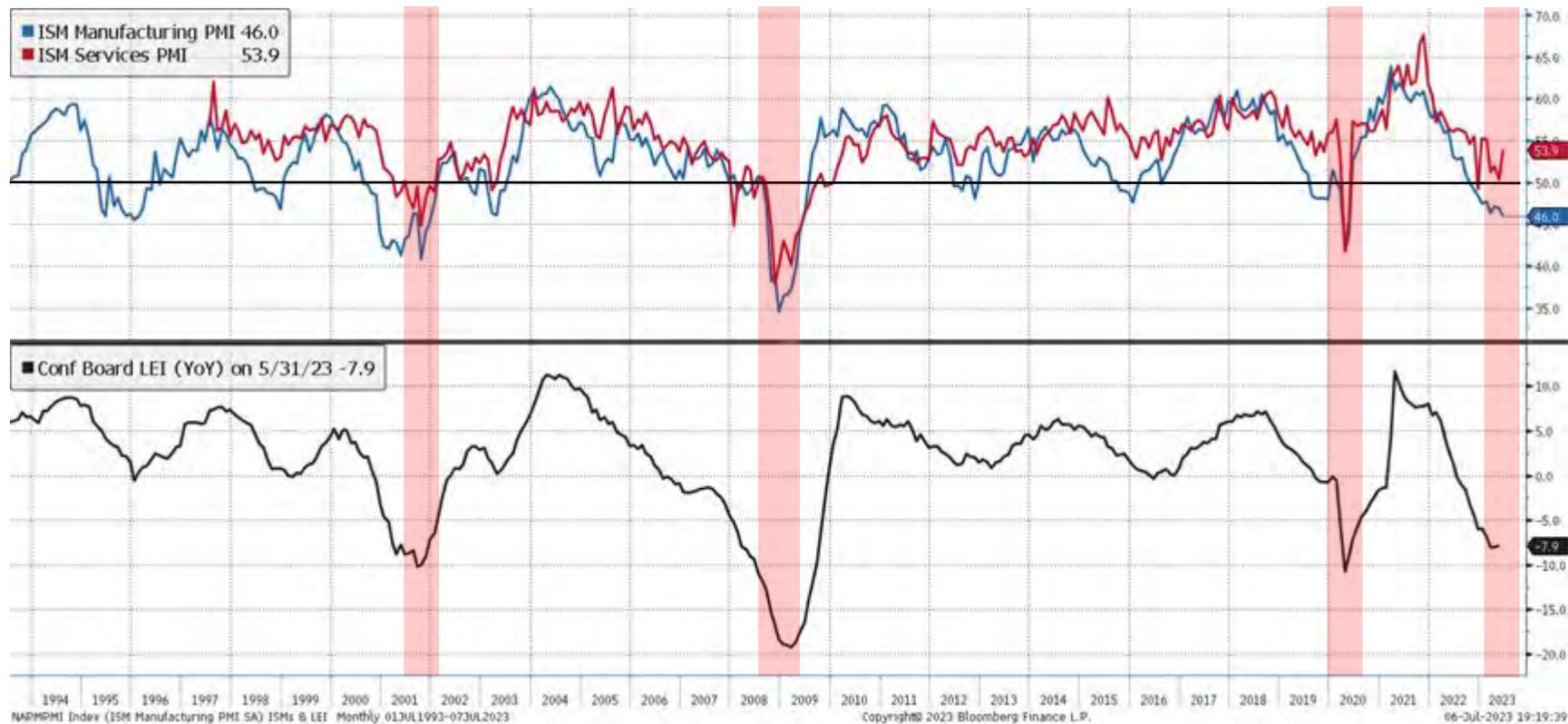
INJCJC Index (US Initial Jobless Claims SA) Claims Daily 31DEC2021-07JUL2023

Copyright © 2023 Bloomberg Finance L.P.

06-Jul-2023 19:16:52

Data Source: Bloomberg

# ISM Surveys & Leading Indicators Pointing Down...



Data Source: Bloomberg

# Yield Curve Flashing Red



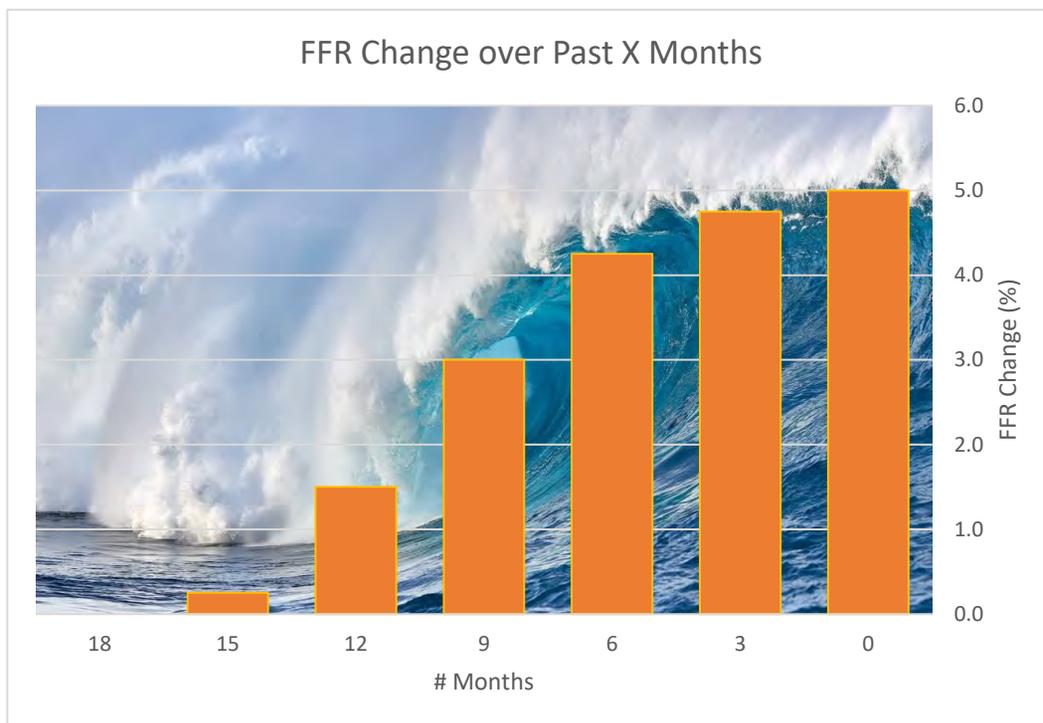
Data Source: Bloomberg

# Are We There Yet?: Fed Journey Towards the “Neutral Rate”



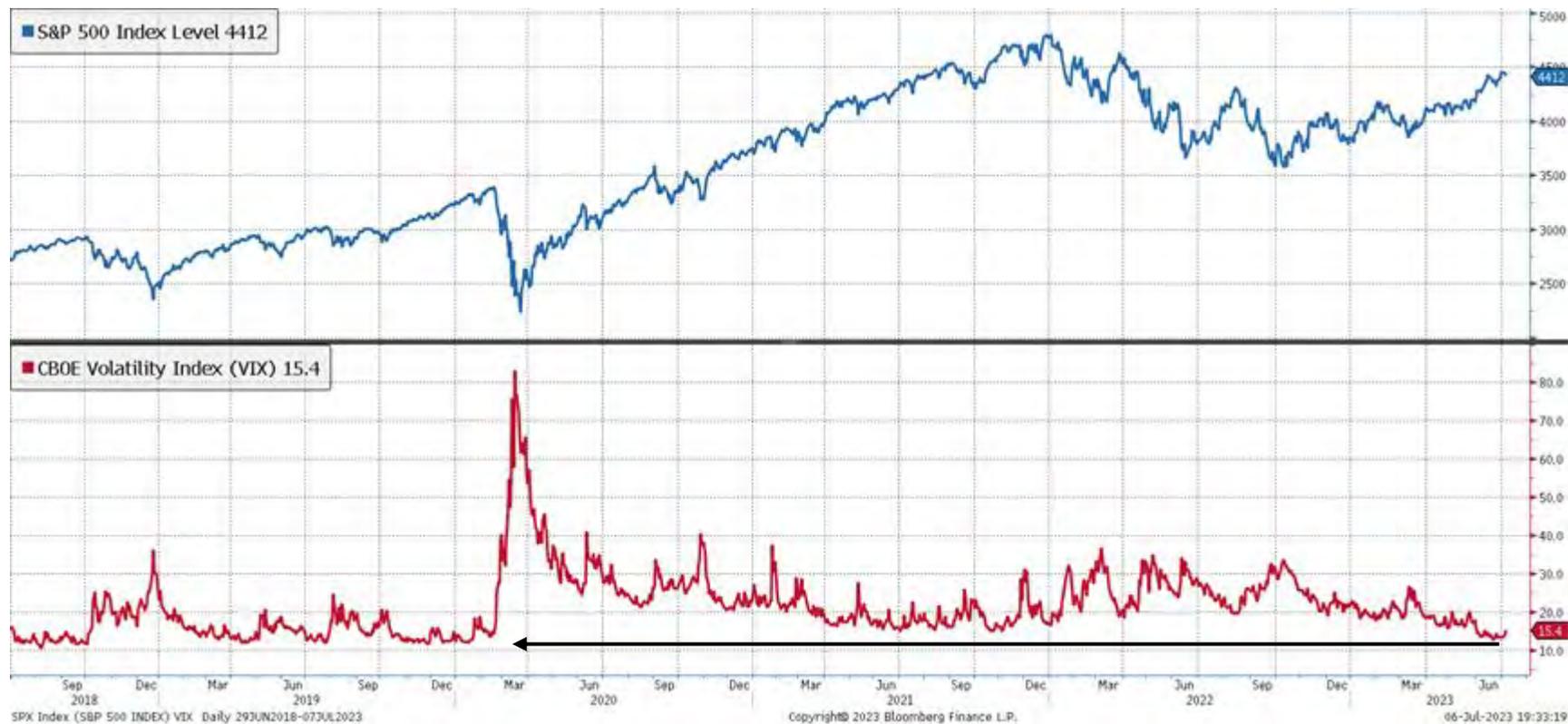
Data Source: Bloomberg

# The Tightening Wave: Unpredictable but Building



Arguably less than a year since the overnight rate has been meaningfully higher, with a sizeable lag between rate changes and when they hit the real economy

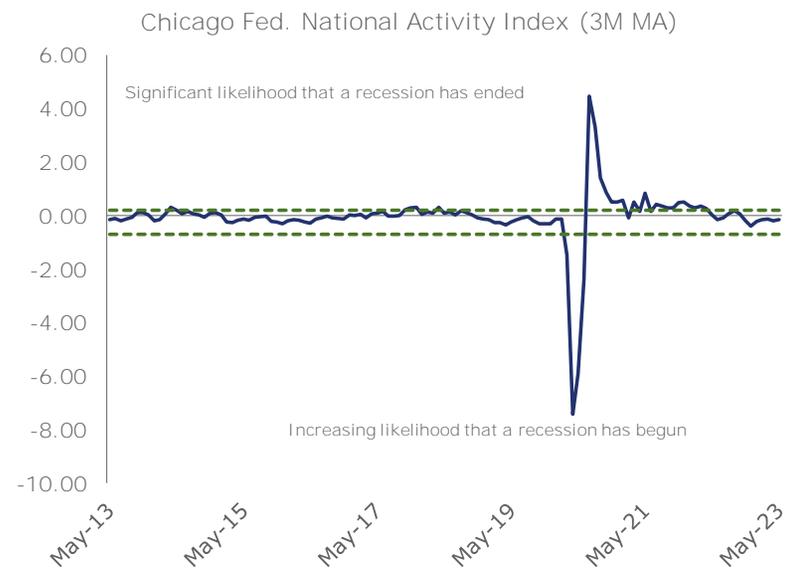
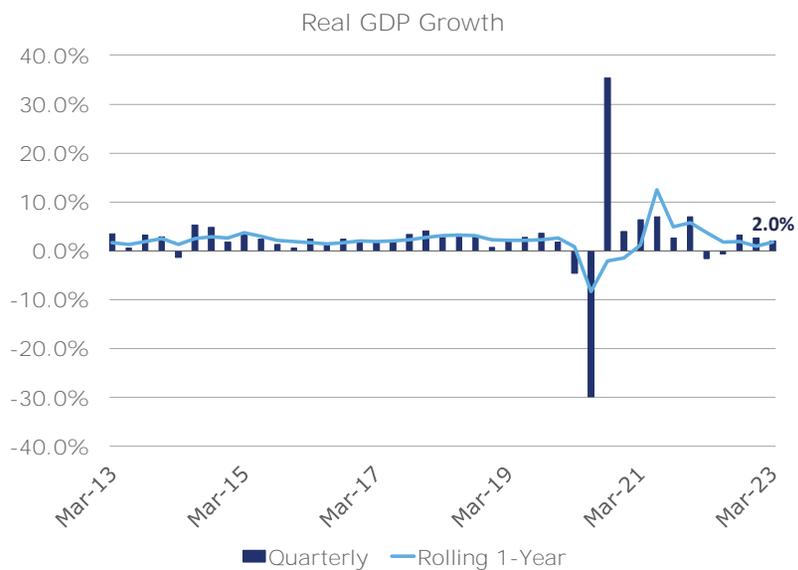
# U.S. Stock Markets Showing No Fear...



Data Source: Bloomberg

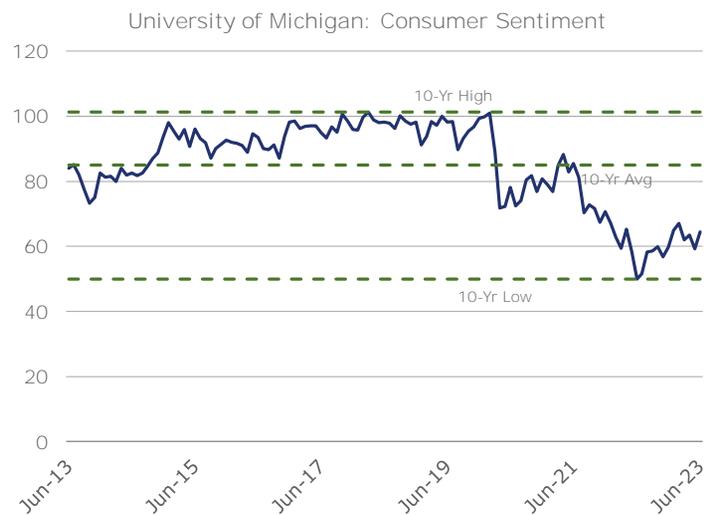
# Economic/Market Activity

# Economic Growth



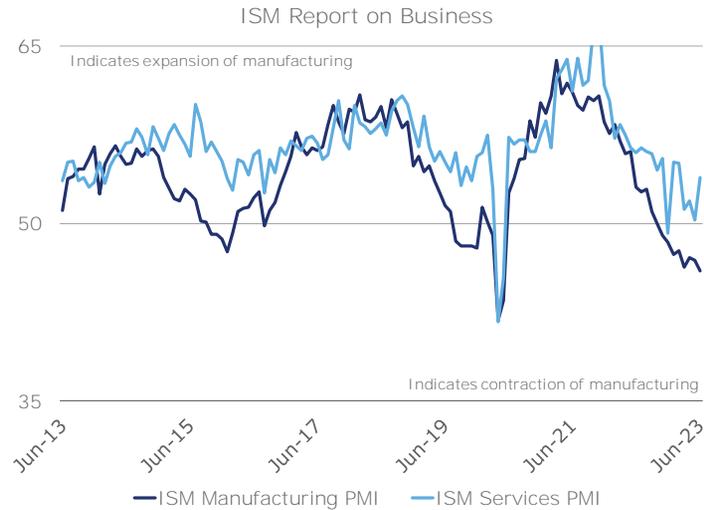
Data Sources: Bloomberg

# Consumer Activity



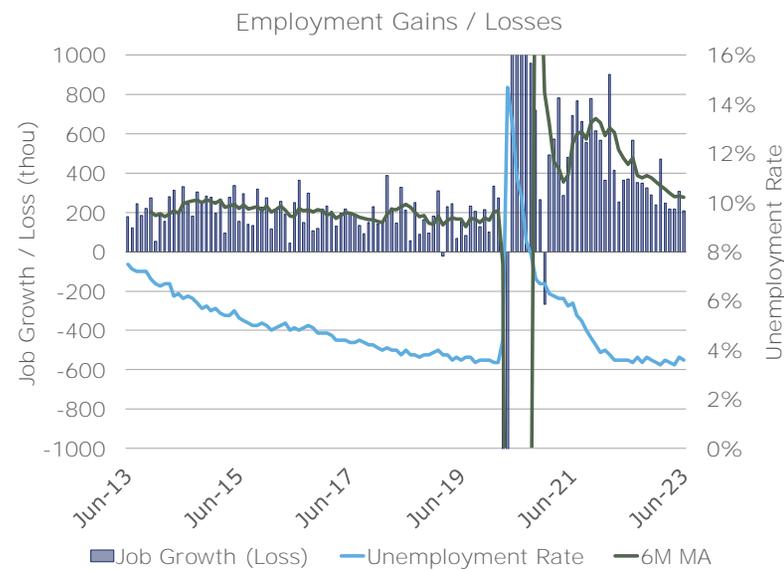
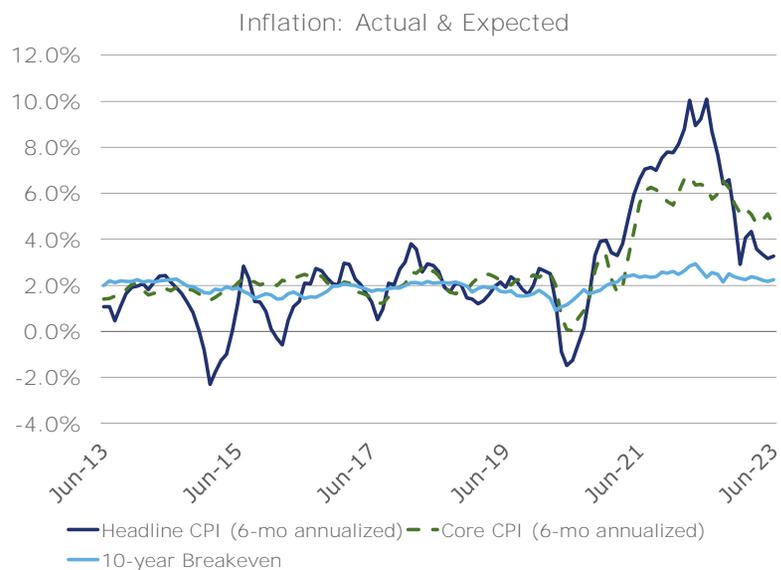
Data Sources: Bloomberg

# Business Activity



Data Sources: Bloomberg

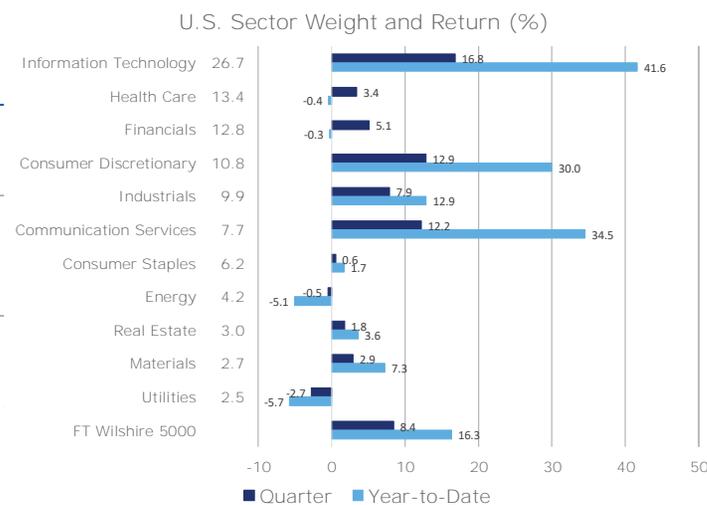
# Inflation and Employment



Data Sources: Bloomberg

## U.S. Equity Market

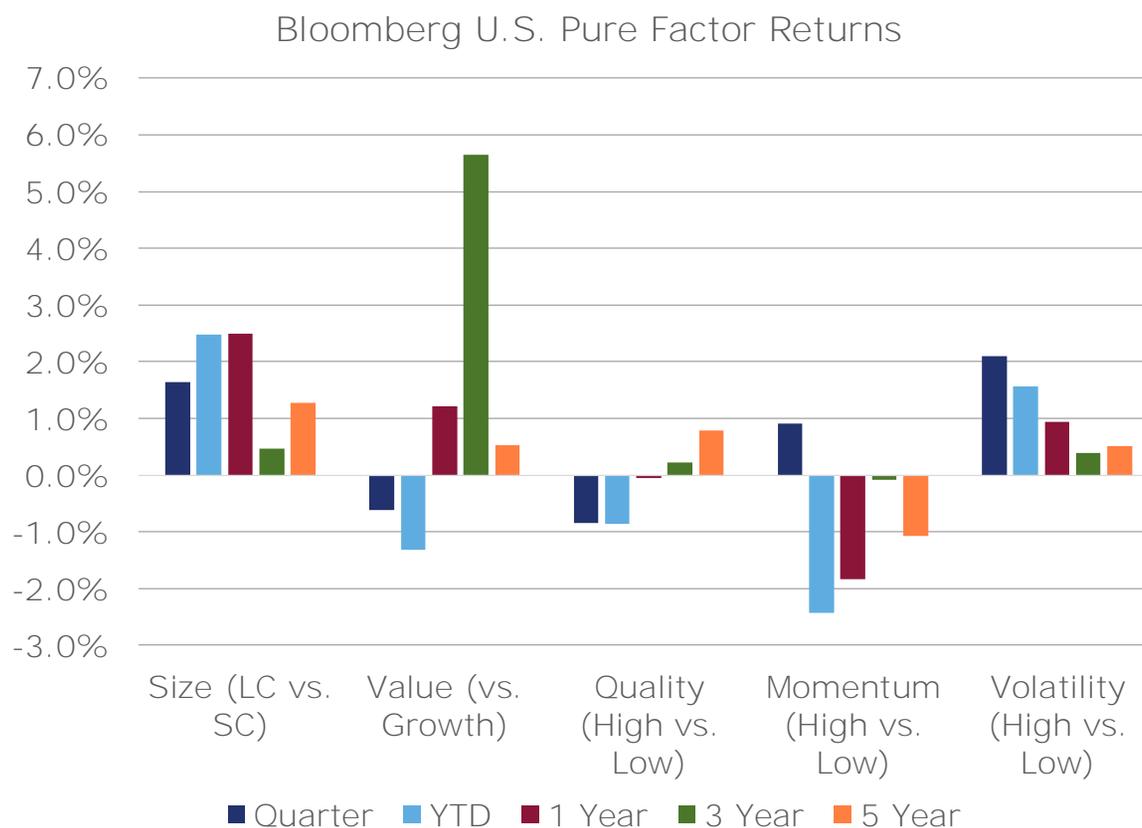
As of 6/30/2023	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
FT Wilshire 5000	8.4	16.3	19.0	14.2	11.7	12.5
Wilshire U.S. Large Cap	8.7	17.0	19.6	14.4	12.3	12.9
Wilshire U.S. Small Cap	5.1	8.8	13.3	12.9	5.4	8.9
Wilshire U.S. Large Growth	14.2	32.1	28.7	15.5	14.9	15.5
Wilshire U.S. Large Value	2.6	2.7	9.9	12.9	9.5	10.2
Wilshire U.S. Small Growth	6.7	13.5	19.1	10.1	6.2	9.4
Wilshire U.S. Small Value	3.5	4.6	8.2	15.7	4.7	8.4
Wilshire REIT Index	3.3	6.7	-0.3	8.5	4.4	6.4
MSCI USA Min. Vol. Index	2.6	4.0	8.0	8.9	9.1	10.9
FTSE RAFI U.S. 1000 Index	5.0	6.7	13.2	17.4	10.4	11.2



Data Sources: Bloomberg, Wilshire Atlas

## U.S. Factor Returns

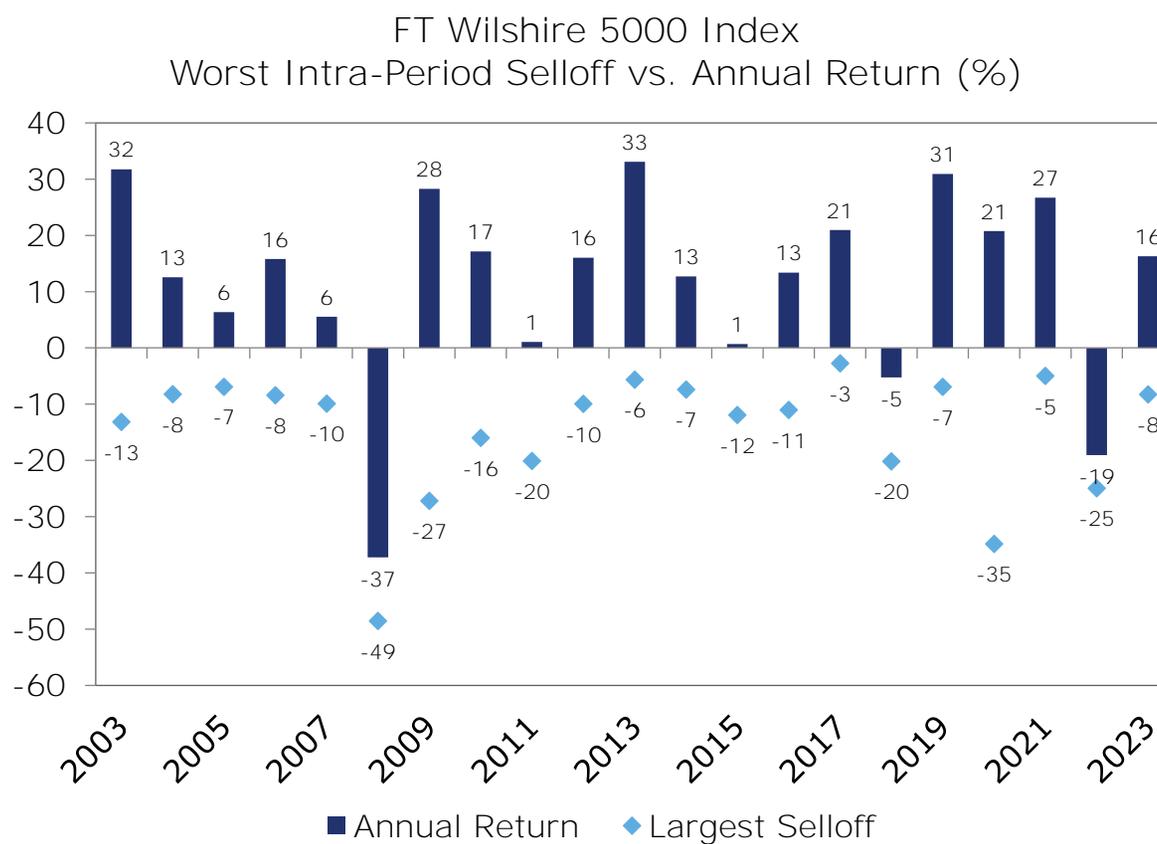
- Factor returns represent the contribution from large cap, value, etc. stocks within Bloomberg’s Portfolio & Risk Analytics module
- Large cap and high volatility have mostly outperformed this year



Data Sources: Bloomberg

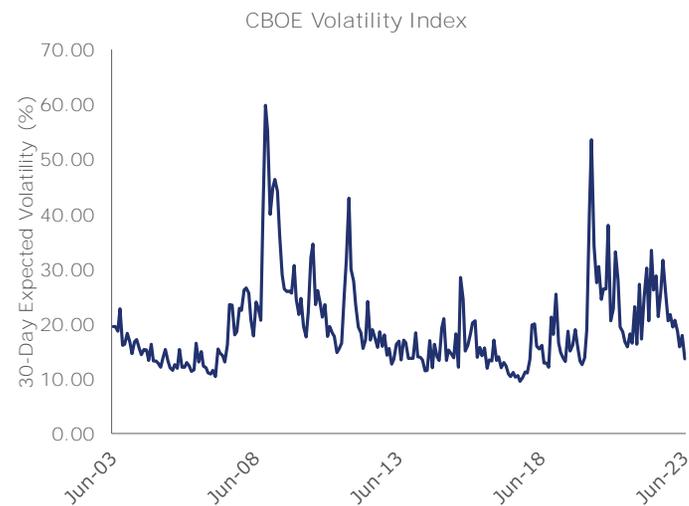
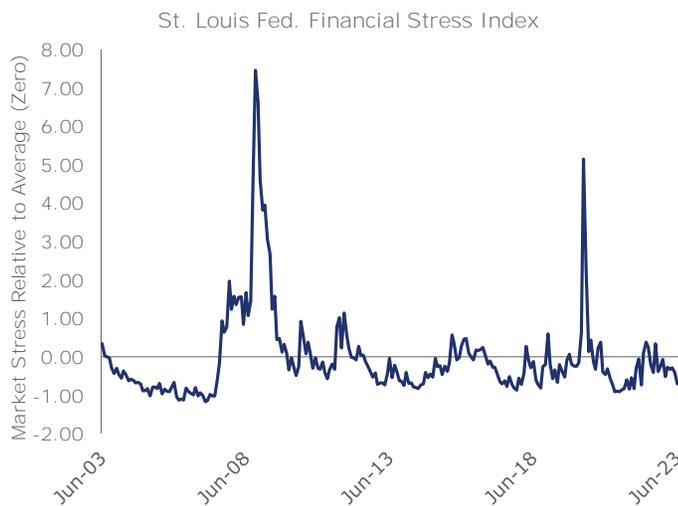
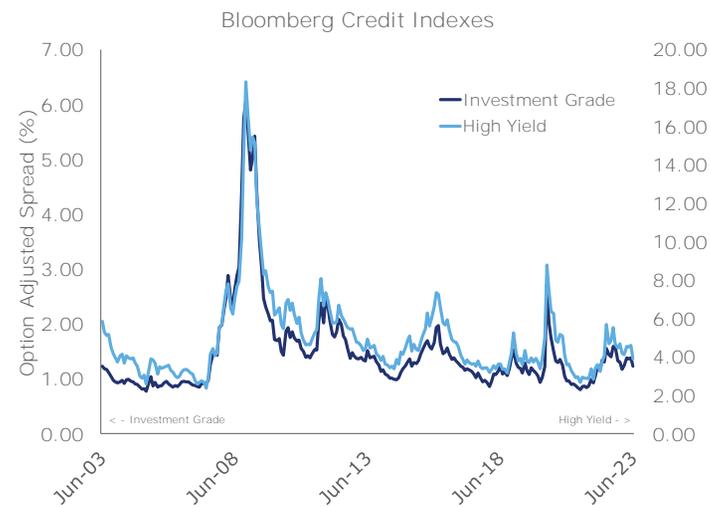
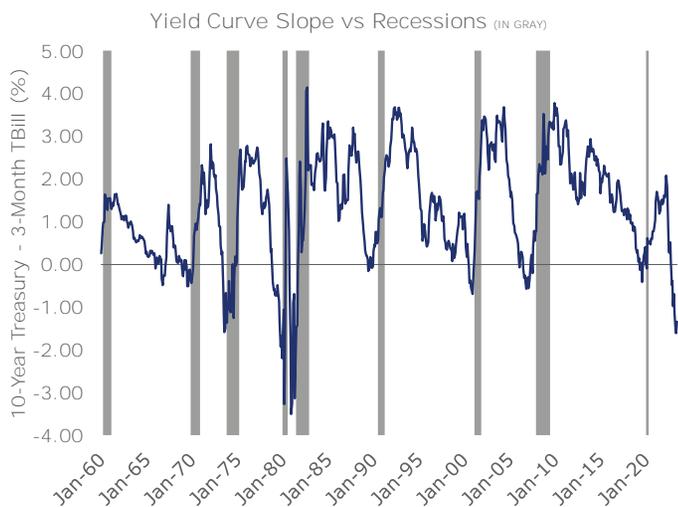
## Annual Equity Market Selloffs

- U.S. equity suffered a meaningful selloff in Feb.-Mar. but is generally rebounding from 2022



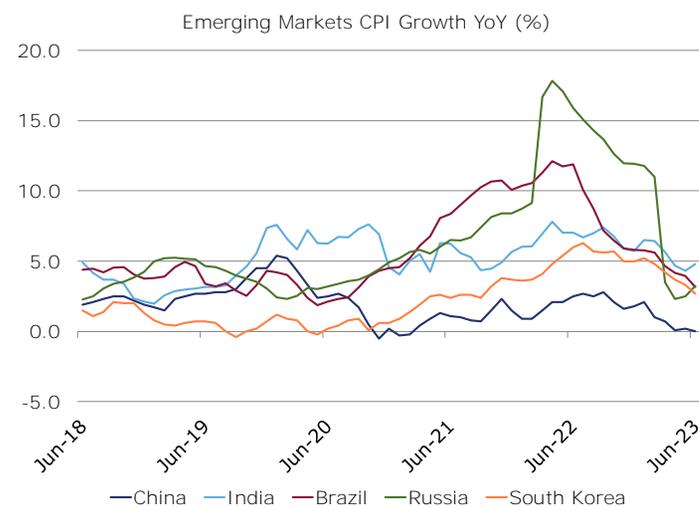
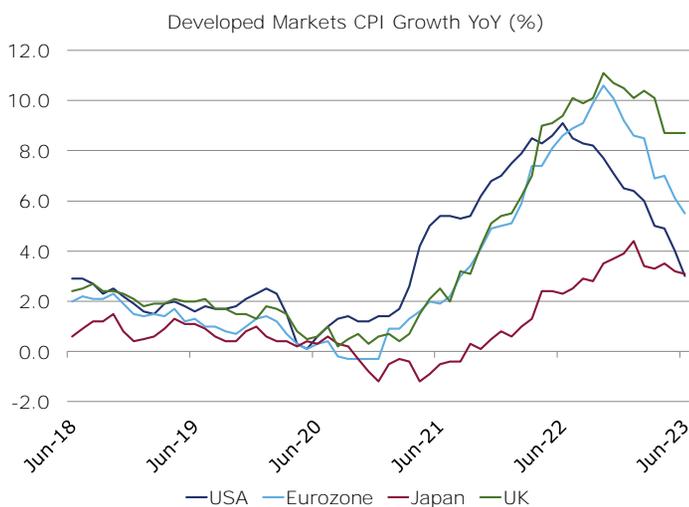
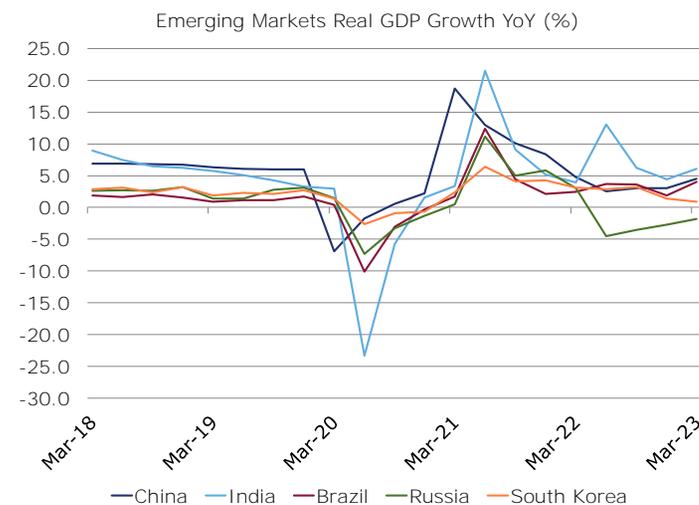
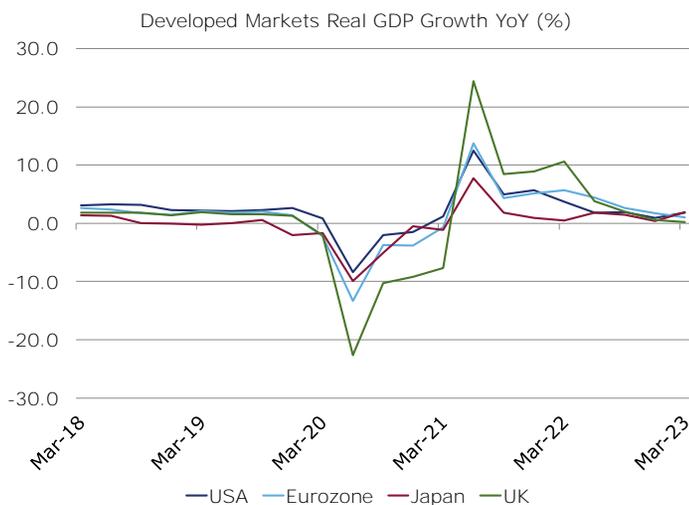
Data Sources: Wilshire Web, Bloomberg

## Risk Monitor



Data Sources: Bloomberg

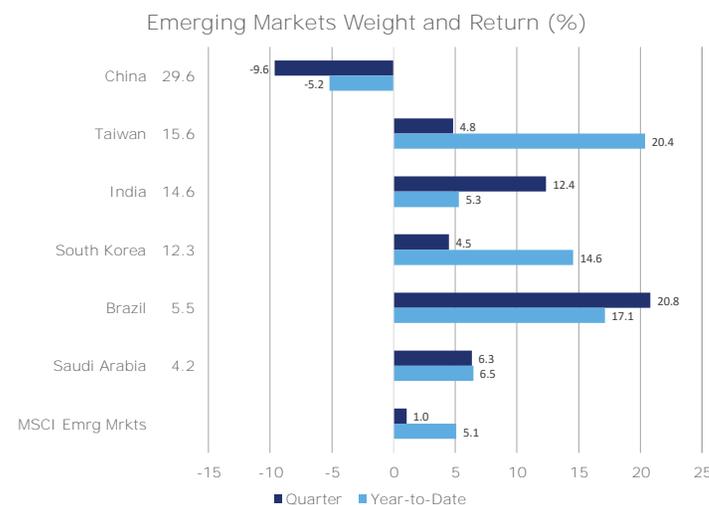
# Non-U.S. Growth and Inflation



Data Sources: Bloomberg

# Non-U.S. Equity Market

As of 6/30/2023	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
MSCI ACWI ex-US (\$G)	2.7	9.9	13.3	7.7	4.0	5.2
MSCI EAFE (\$G)	3.2	12.1	19.4	9.5	4.9	5.9
MSCI Emerging Markets (\$G)	1.0	5.1	2.2	2.7	1.3	3.3
MSCI Frontier Markets (\$G)	2.2	4.8	4.6	3.4	-1.0	0.8
MSCI ACWI ex-US Growth (\$G)	2.1	11.0	13.7	4.3	4.4	6.0
MSCI ACWI ex-US Value (\$G)	3.2	8.5	12.9	11.2	3.3	4.5
MSCI ACWI ex-US Small (\$G)	2.2	7.2	11.5	8.6	3.1	6.2
MSCI ACWI Minimum Volatility	2.4	4.1	6.4	6.3	6.0	7.9
MSCI EAFE Minimum Volatility	1.8	7.7	9.9	3.4	2.1	5.2
FTSE RAFI Developed ex-US	3.4	10.4	17.4	13.2	4.5	5.7
MSCI EAFE LC (G)	4.6	12.6	18.1	12.3	6.9	8.2
MSCI Emerging Markets LC (G)	1.8	5.8	3.8	4.3	3.4	6.1

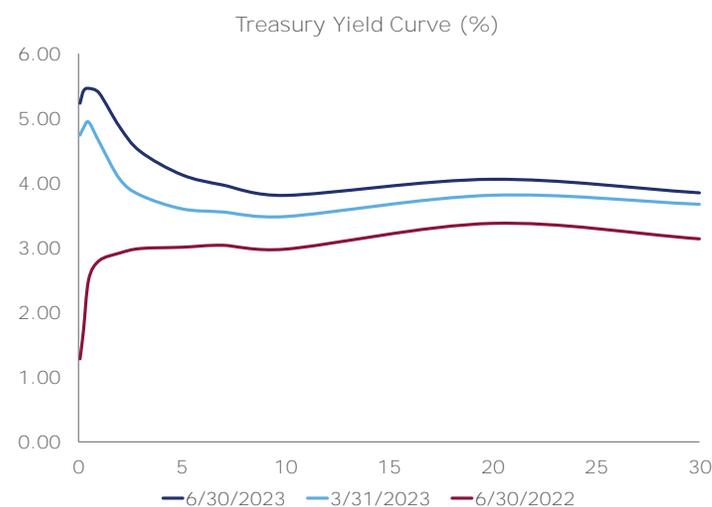
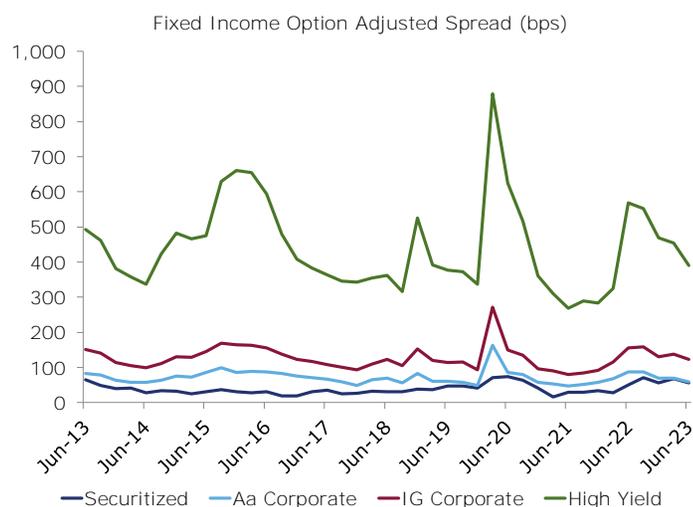


Data Sources: Bloomberg

# U.S. Fixed Income

As of 6/30/2023	YTW	DUR.	QTR	YTD	1 YR	3 YR	5 YR	10 YR
Bloomberg Aggregate	4.8	6.3	-0.8	2.1	-0.9	-4.0	0.8	1.5
Bloomberg Treasury	4.4	6.2	-1.4	1.6	-2.1	-4.8	0.4	1.0
Bloomberg Gov't-Rel.	4.9	5.3	-0.5	2.4	0.2	-2.9	1.1	1.7
Bloomberg Securitized	4.8	5.9	-0.6	1.8	-1.5	-3.6	0.1	1.2
Bloomberg Corporate	5.5	7.1	-0.3	3.2	1.5	-3.4	1.8	2.6
Bloomberg LT Gov't/Credit	4.8	14.3	-1.3	4.4	-2.6	-8.6	0.7	2.9
Bloomberg LT Treasury	4.0	16.0	-2.3	3.7	-6.8	-12.1	-0.9	1.8
Bloomberg LT Gov't-Rel.	5.2	11.8	0.3	5.5	1.2	-5.5	1.0	3.2
Bloomberg LT Corporate	5.4	13.0	-0.5	4.9	1.0	-6.2	1.6	3.5
Bloomberg U.S. TIPS *	3.8	7.4	-1.4	1.9	-1.4	-0.1	2.5	2.1
Bloomberg High Yield	8.5	3.5	1.7	5.4	9.1	3.1	3.4	4.4
S&P/LSTA Leveraged Loan	9.6	0.3	3.1	6.5	10.7	6.3	4.1	4.1
Treasury Bills	5.3	0.3	1.2	2.3	3.6	1.2	1.5	1.0

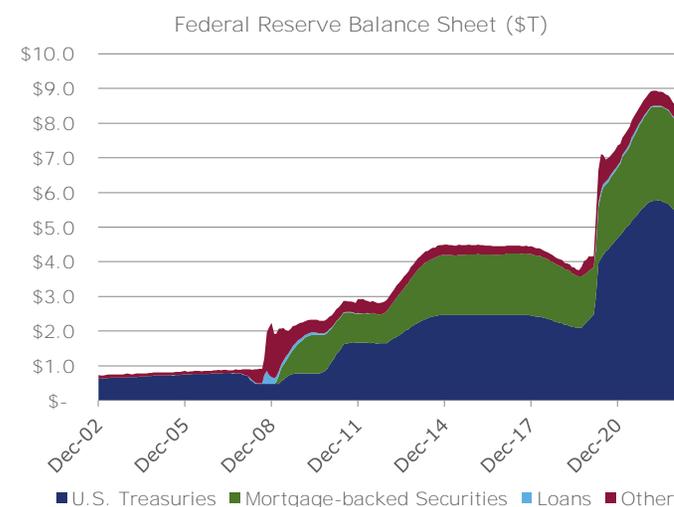
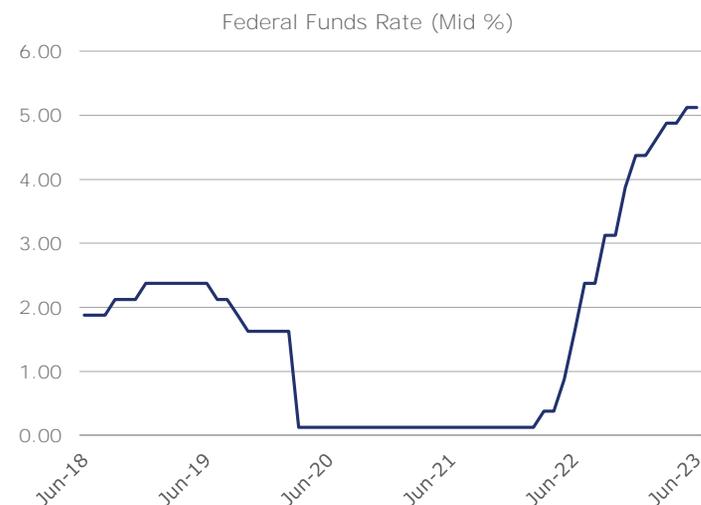
\* Yield and Duration statistics are for a proxy index based on similar maturity, the Bloomberg Barclays U.S. Treasury 7-10 Year Index



Data Sources: Bloomberg

## Federal Reserve

- The Federal Open Market Committee increased the rate an additional 25 basis points in May before pausing increases in June
- QE4 was larger than the 3 phases of quantitative easing – combined – following the global financial crisis
- The Fed’s balance sheet has begun to shrink again during the past quarter



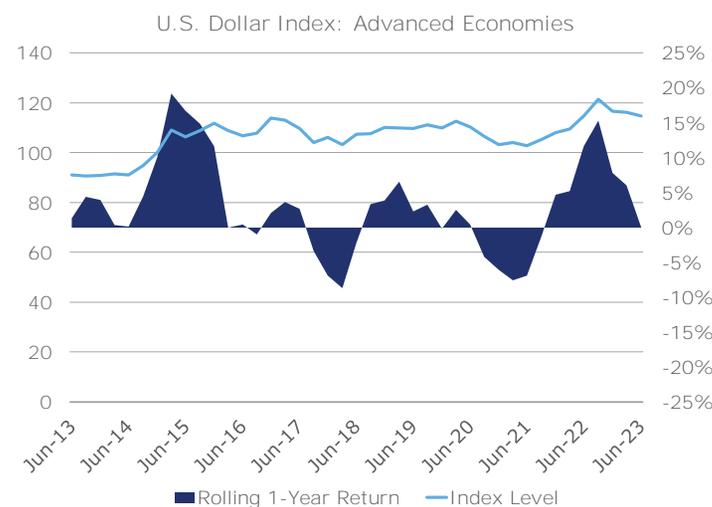
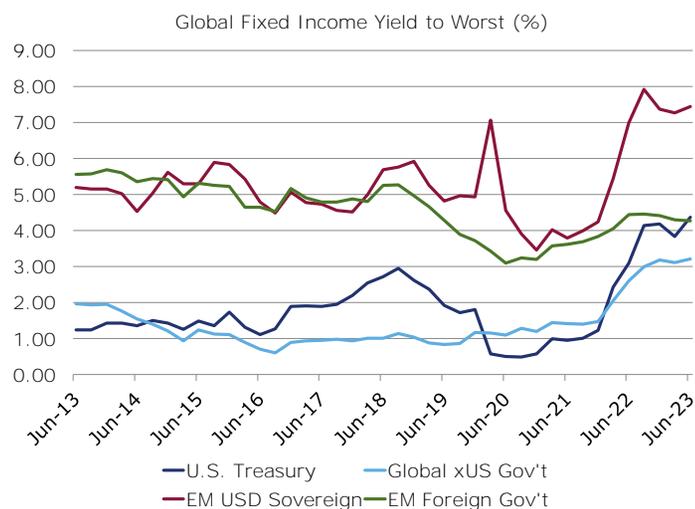
	Announced	Closed	Amount (bil)
QE1	11/25/2008	3/31/2010	\$1,403
QE2	11/3/2010	6/29/2012	\$568
QE3	9/13/2012	10/29/2014	\$1,674
QE4	3/23/2020	3/15/2022	\$4,779

Data Sources: Bloomberg

# Non-U.S. Fixed Income

As of 6/30/2023	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
<b>Developed Markets</b>						
Bloomberg Global Aggregate xUS	-2.2	0.8	-1.8	-5.9	-2.7	-0.9
Bloomberg Global Aggregate xUS *	0.7	3.6	1.5	-2.1	1.0	2.5
Bloomberg Global Inflation Linked xUS	-2.0	3.3	-5.4	-6.6	-2.8	0.1
Bloomberg Global Inflation Linked xUS *	-2.5	1.4	-6.2	-5.1	-0.2	2.9
<b>Emerging Markets (Hard Currency)</b>						
Bloomberg EM USD Aggregate	1.1	3.3	5.6	-2.7	1.0	2.7
<b>Emerging Markets (Foreign Currency)</b>						
Bloomberg EM Local Currency Gov't	-1.4	1.7	2.3	0.0	1.6	1.0
Bloomberg EM Local Currency Gov't *	2.0	4.2	6.9	0.1	2.9	2.5
Euro vs. Dollar	0.6	1.9	4.1	-1.0	-1.4	-1.7
Yen vs. Dollar	-7.9	-9.1	-6.0	-9.2	-5.2	-3.7
Pound vs. Dollar	3.0	5.1	4.3	0.8	-0.8	-1.8

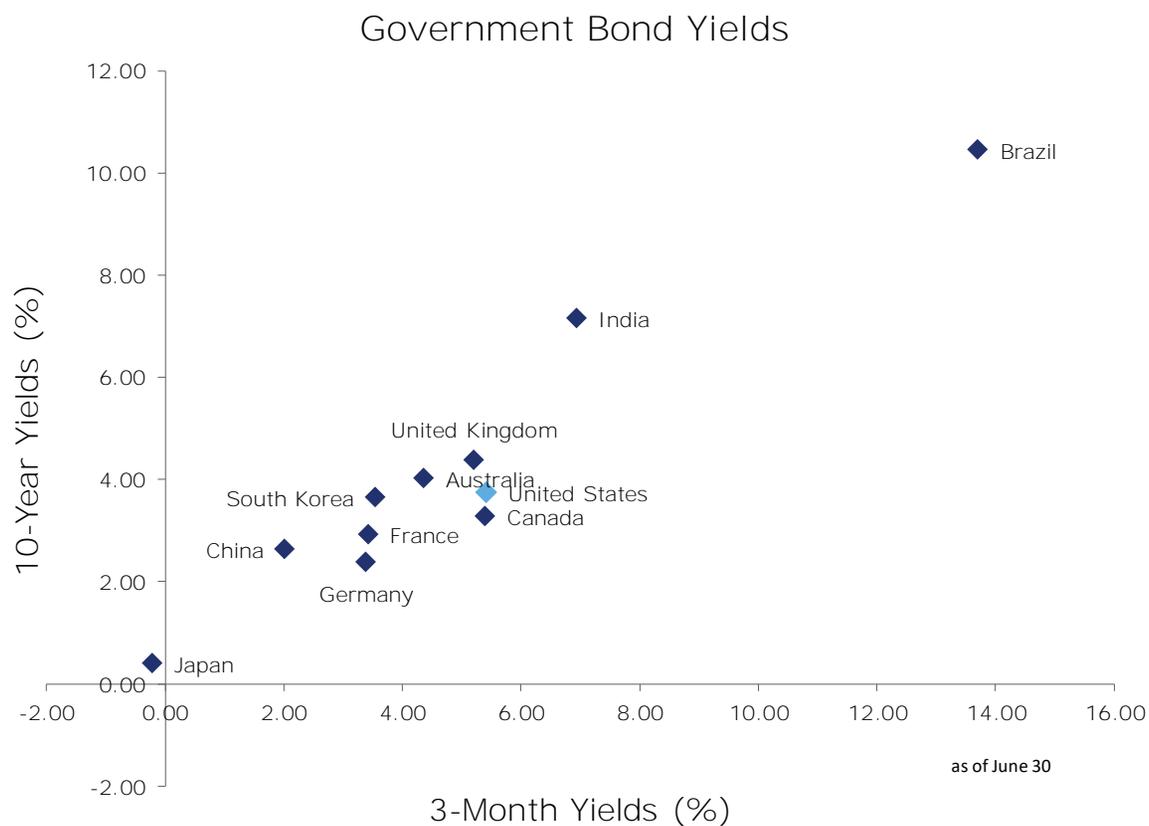
\* Returns are reported in terms of local market investors, which removes currency effects.



Data Sources: Bloomberg

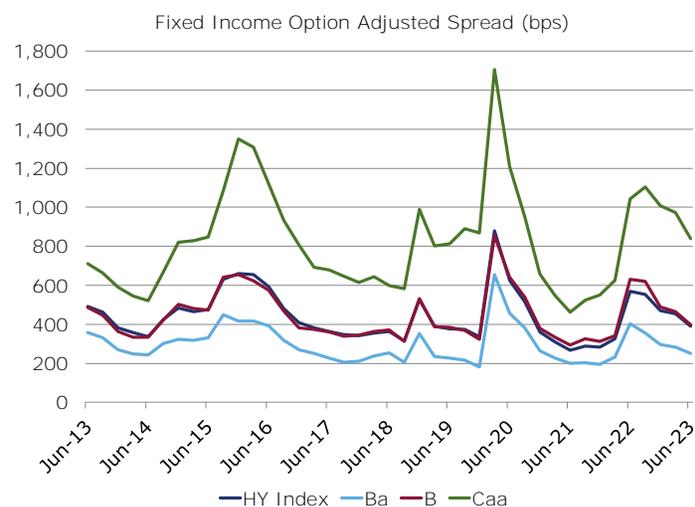
## Global Interest Rates

Short-term rates have turned positive in most larger countries; longer-term rates around 4.0% in the U.K. and the U.S.



# High Yield Bond Market

As of 6/30/2023	YTW	QTR	YTD	1 YR	3 YR	5 YR	10 YR
Bloomberg High Yield	8.5	1.7	5.4	9.1	3.1	3.4	4.4
S&P LSTA Leveraged Loan	9.1	3.3	6.4	11.8	5.4	4.0	3.7
<b>High Yield Quality Distribution</b>	<b>Weight</b>						
Ba U.S. High Yield	47.9%	7.1	0.9	4.4	8.1	2.3	4.8
B U.S. High Yield	39.9%	8.7	1.9	5.4	9.9	3.1	4.0
Caa U.S. High Yield	11.2%	12.9	4.2	9.3	9.4	5.5	3.9
Ca to D U.S. High Yield	0.9%	22.2	11.5	7.5	18.7	-2.1	-4.4



Data Sources: Bloomberg

# Asset Class Performance

Asset Class Returns - Best to Worst

2018	2019	2020	2021	2022	2023 YTD	Annualized 5-Year as of 6/23
T-Bills 1.9%	U.S. Equity 31.0%	U.S. Equity 20.8%	REITs 46.2%	Commodities 16.1%	U.S. Equity 16.3%	U.S. Equity 11.7%
Core Bond 0.0%	REITs 25.8%	Emrg Mrkts 18.7%	Commodities 27.1%	T-Bills 1.3%	Developed 12.1%	Developed 4.9%
U.S. TIPS -1.3%	Developed 22.7%	U.S. TIPS 11.0%	U.S. Equity 26.7%	High Yield -11.2%	REITs 6.7%	Commodities 4.7%
High Yield -2.1%	Emrg Mrkts 18.9%	Developed 8.3%	Developed 11.8%	U.S. TIPS -11.8%	High Yield 5.4%	REITs 4.4%
REITs -4.8%	High Yield 14.3%	Core Bond 7.5%	U.S. TIPS 6.0%	Core Bond -13.0%	Emrg Mrkts 5.1%	High Yield 3.4%
U.S. Equity -5.3%	Core Bond 8.7%	High Yield 7.1%	High Yield 5.3%	Developed -14.0%	T-Bills 2.3%	U.S. TIPS 2.5%
Commodities -11.2%	U.S. TIPS 8.4%	T-Bills 0.7%	T-Bills 0.0%	U.S. Equity -19.0%	Core Bond 2.1%	T-Bills 1.5%
Developed -13.4%	Commodities 7.7%	Commodities -3.1%	Core Bond -1.5%	Emrg Mrkts -19.7%	U.S. TIPS 1.9%	Emrg Mrkts 1.3%
Emrg Mrkts -14.2%	T-Bills 2.3%	REITs -7.9%	Emrg Mrkts -2.2%	REITs -26.8%	Commodities -7.8%	Core Bond 0.8%

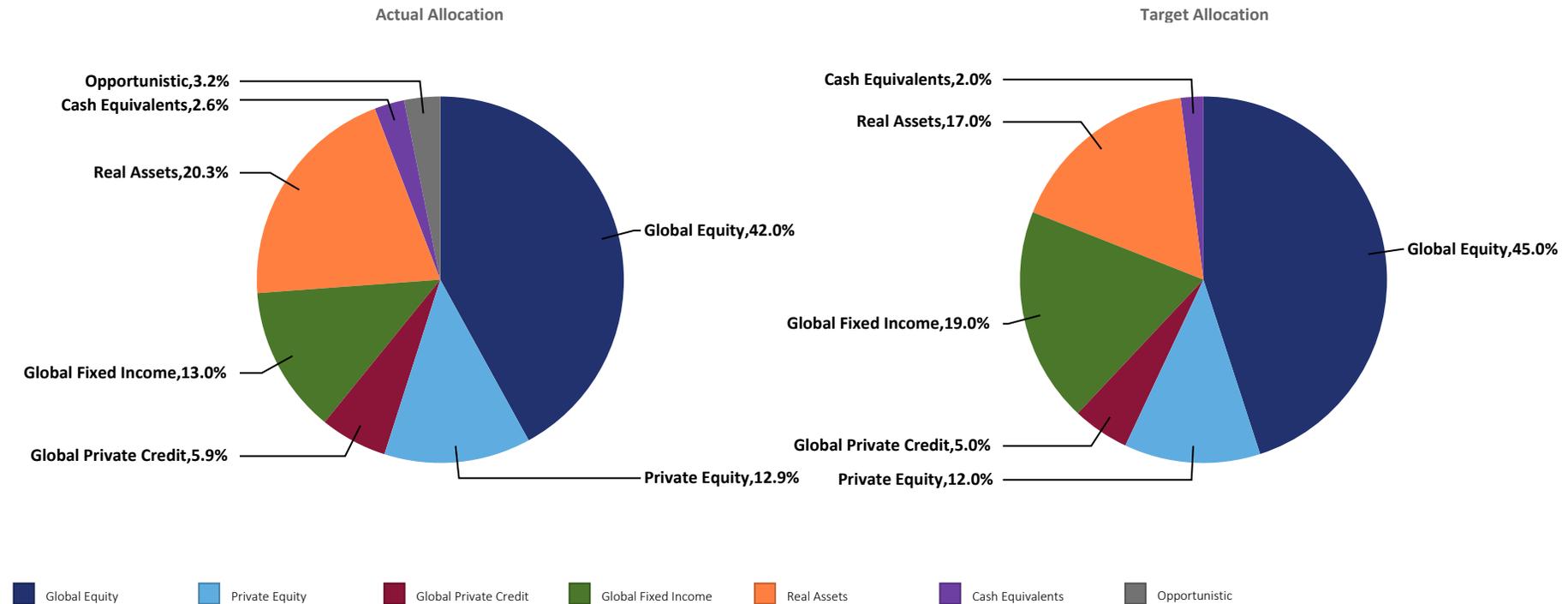
Data Sources: Bloomberg Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

# Total Fund

# Asset Allocation Compliance

## Total Fund

Periods Ended As of June 30, 2023



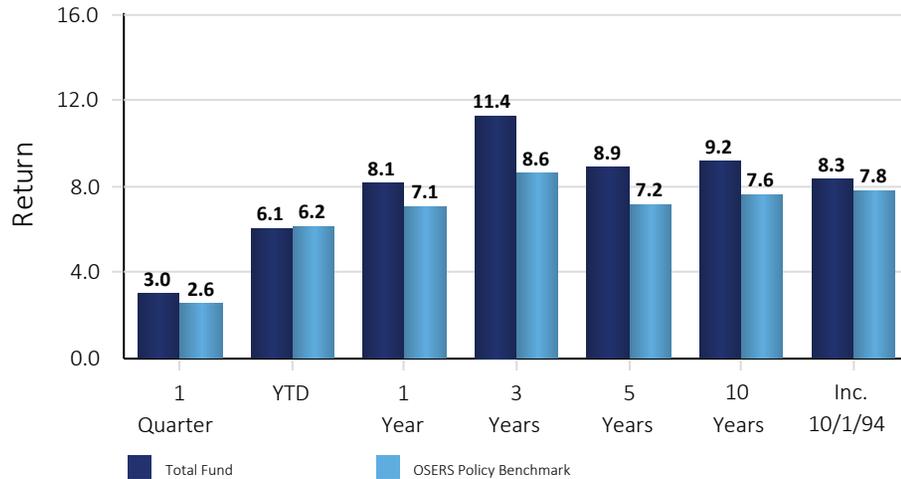
	Asset Allocation \$	Asset Allocation (%)	Target Allocation (%)	Differences (%)
<b>Total Fund</b>	<b>17,834,826,917</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
Global Equity	7,492,566,600	42.0	45.0	-3.0
Private Equity	2,304,317,158	12.9	12.0	0.9
Global Private Credit	1,054,352,372	5.9	5.0	0.9
Global Fixed Income	2,317,636,099	13.0	19.0	-6.0
Real Assets	3,628,641,192	20.3	17.0	3.3
Cash Equivalents	469,695,119	2.6	2.0	0.6
Opportunistic	567,618,376	3.2	0.0	3.2

# Composite Performance Summary

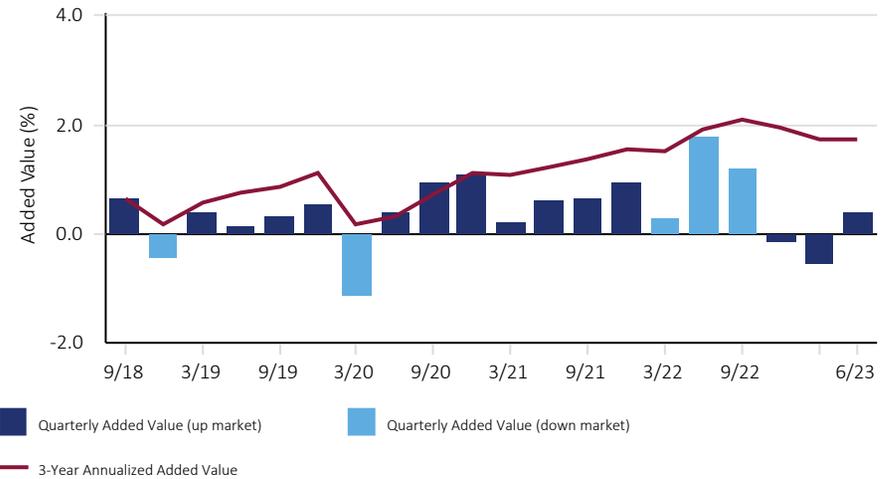
## Total Fund

Periods Ended June 30, 2023

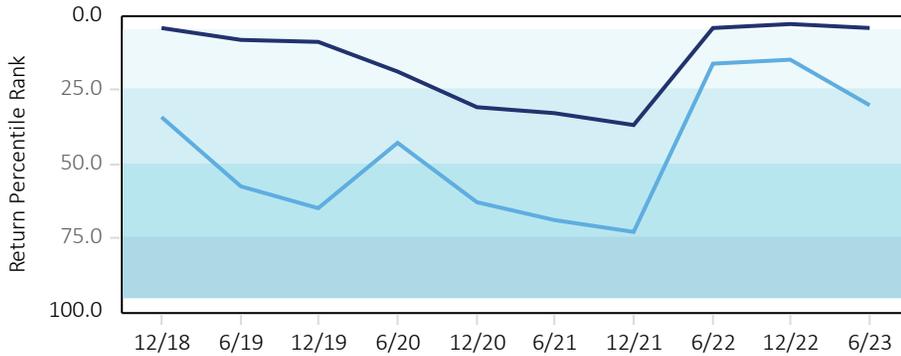
### Comparative Performance



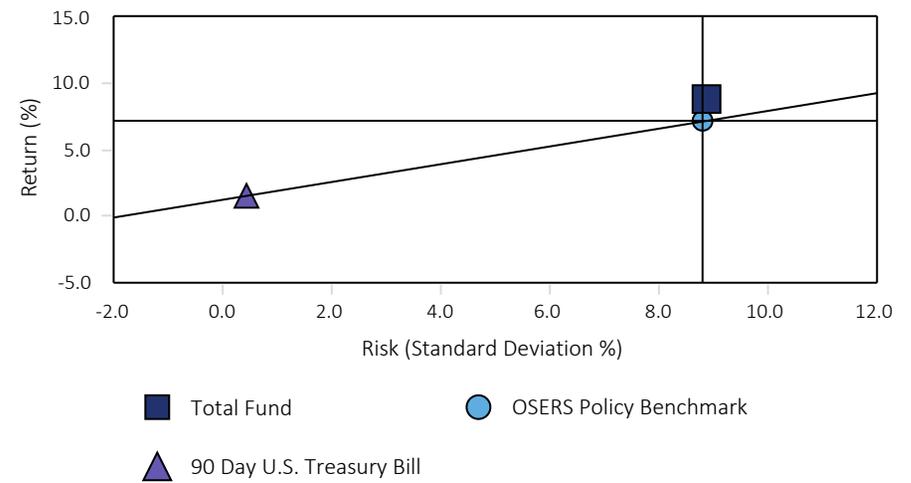
### Added Value History



### Rolling 3-Year Percentile Rank: All Public Plans-Total Fund



### Risk and Return 07/1/18 - 06/30/23



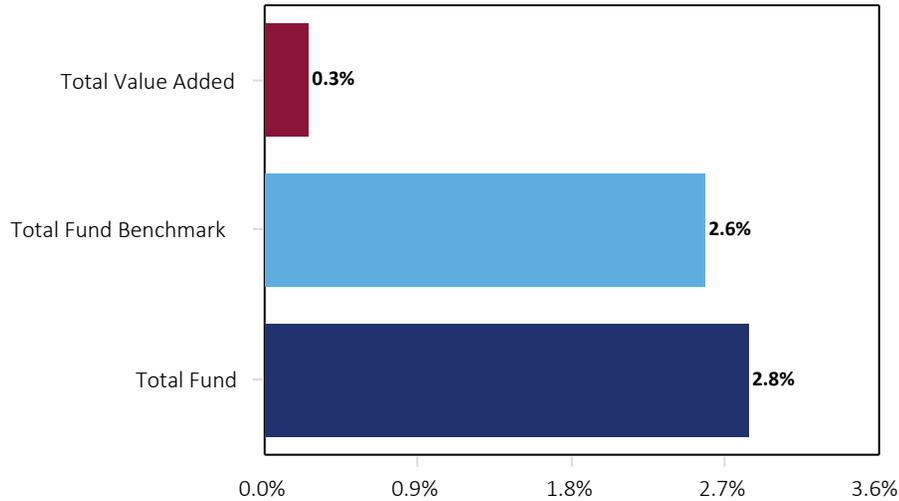
	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
— Total Fund	10	7 (70%)	3 (30%)	0 (0%)	0 (0%)
— Benchmark	10	2 (20%)	3 (30%)	5 (50%)	0 (0%)

# Total Fund Attribution

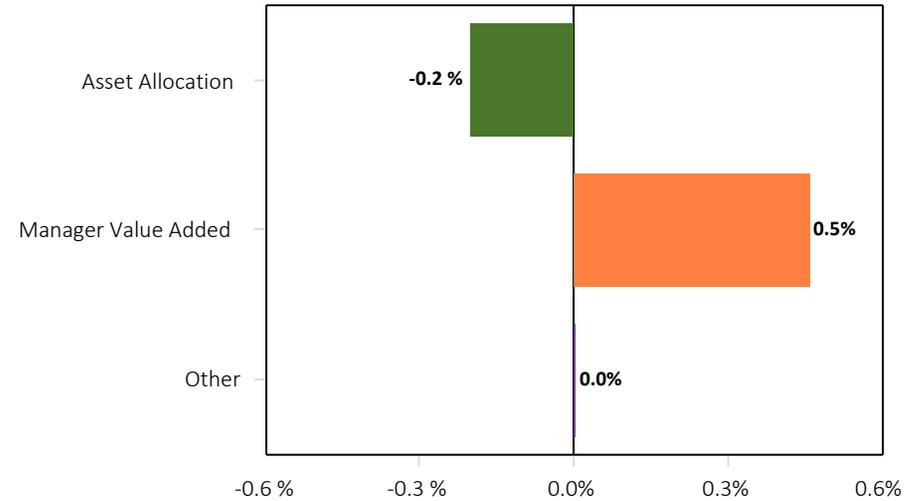
## Total Fund

Periods Ended 1 Quarter Ending June 30, 2023

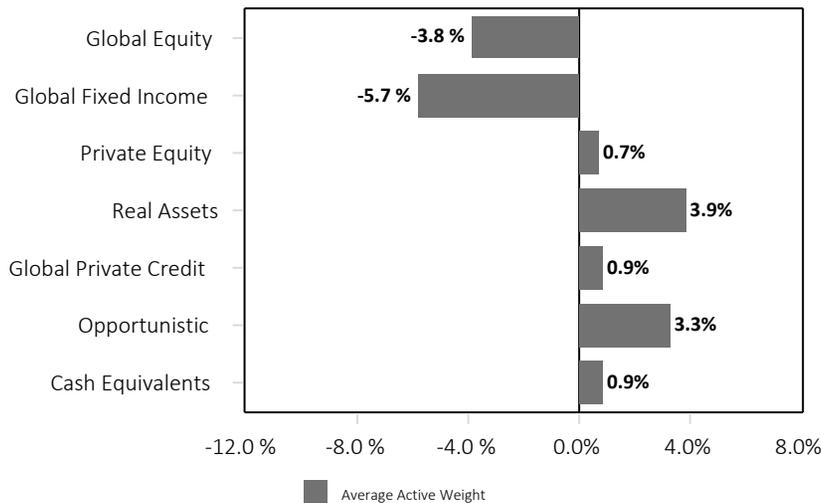
### Total Fund Performance



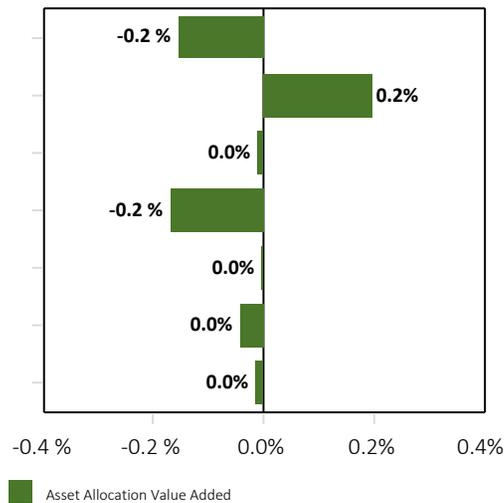
### Total Value Added:0.3%



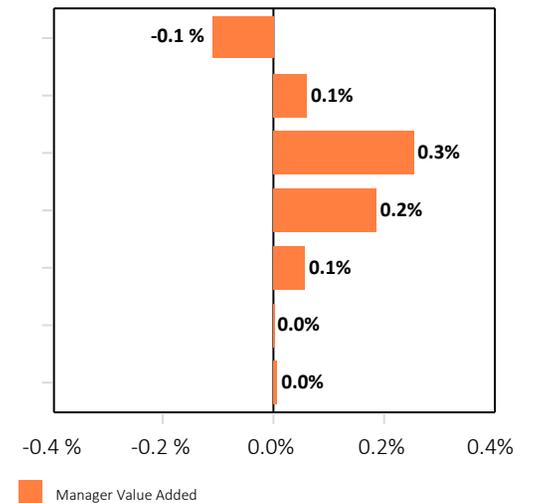
### Total Asset Allocation:-0.2 %



### Asset Allocation Value Added:-0.2 %



### Total Manager Value Added:0.5%

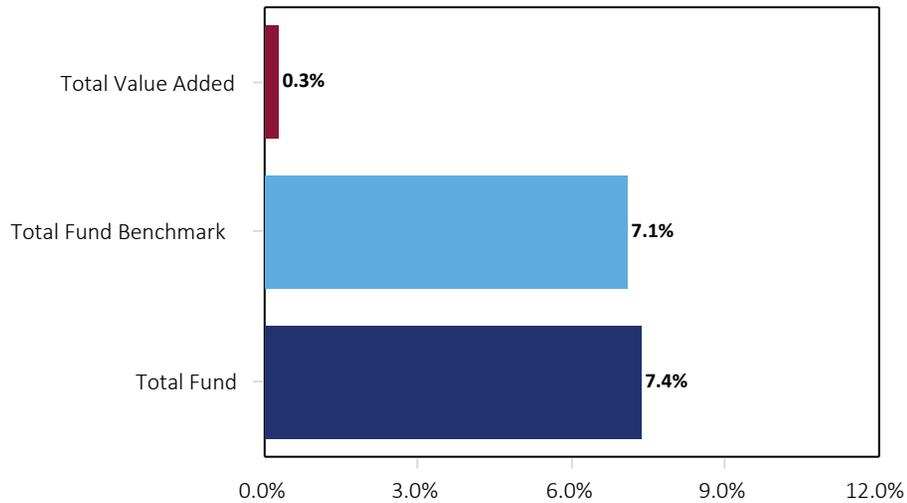


# Total Fund Attribution

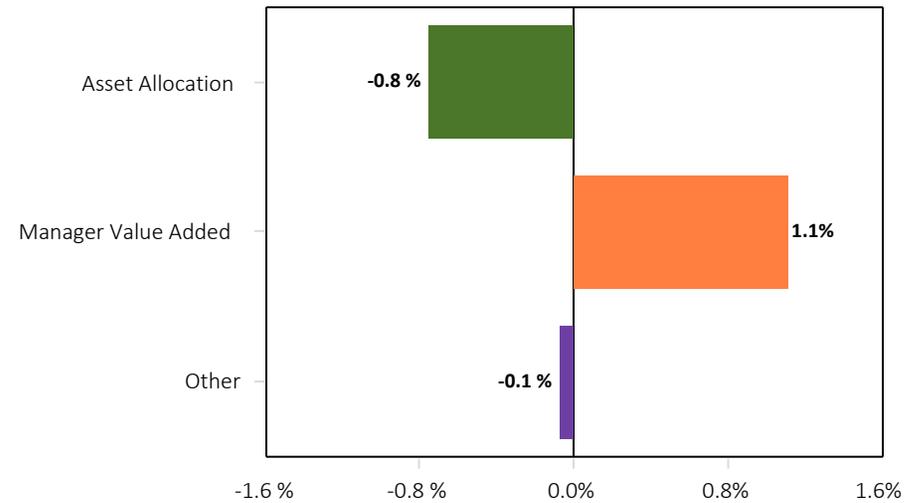
## Total Fund

Periods Ended 1 Year Ending June 30, 2023

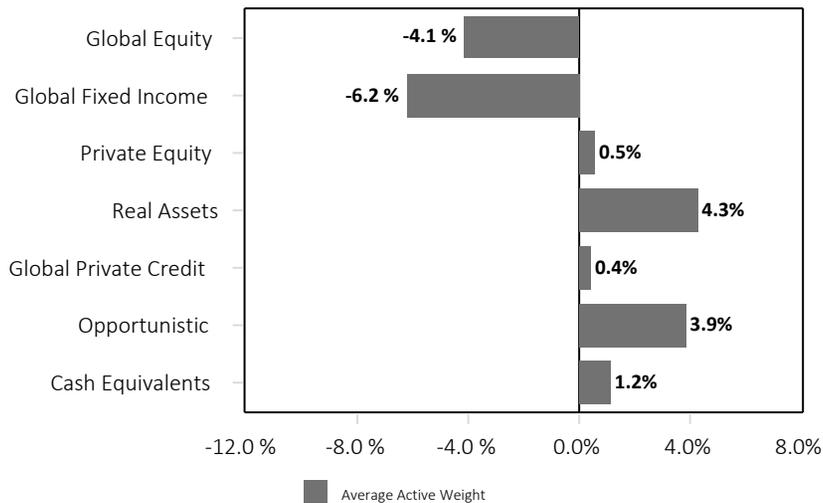
### Total Fund Performance



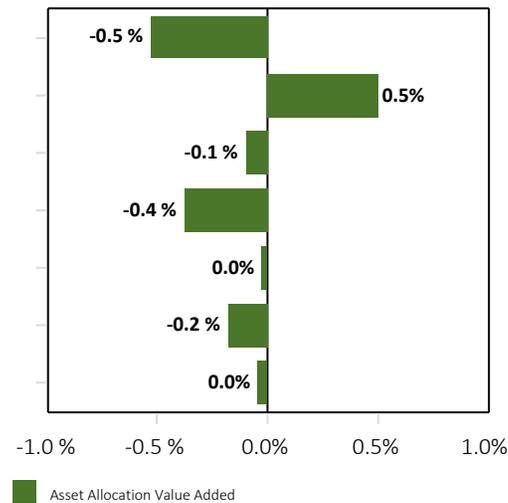
### Total Value Added:0.3%



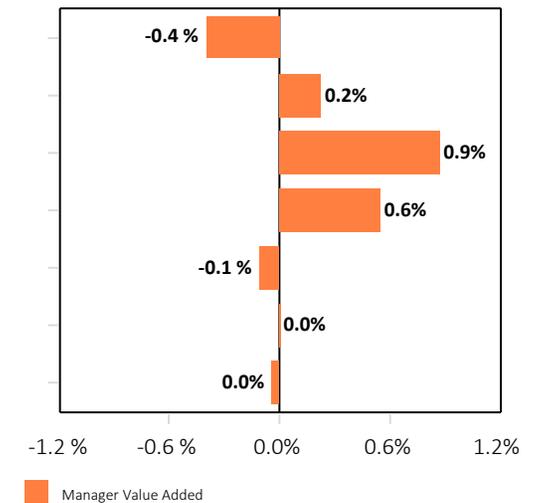
### Total Asset Allocation:-0.8 %



### Asset Allocation Value Added:-0.8 %



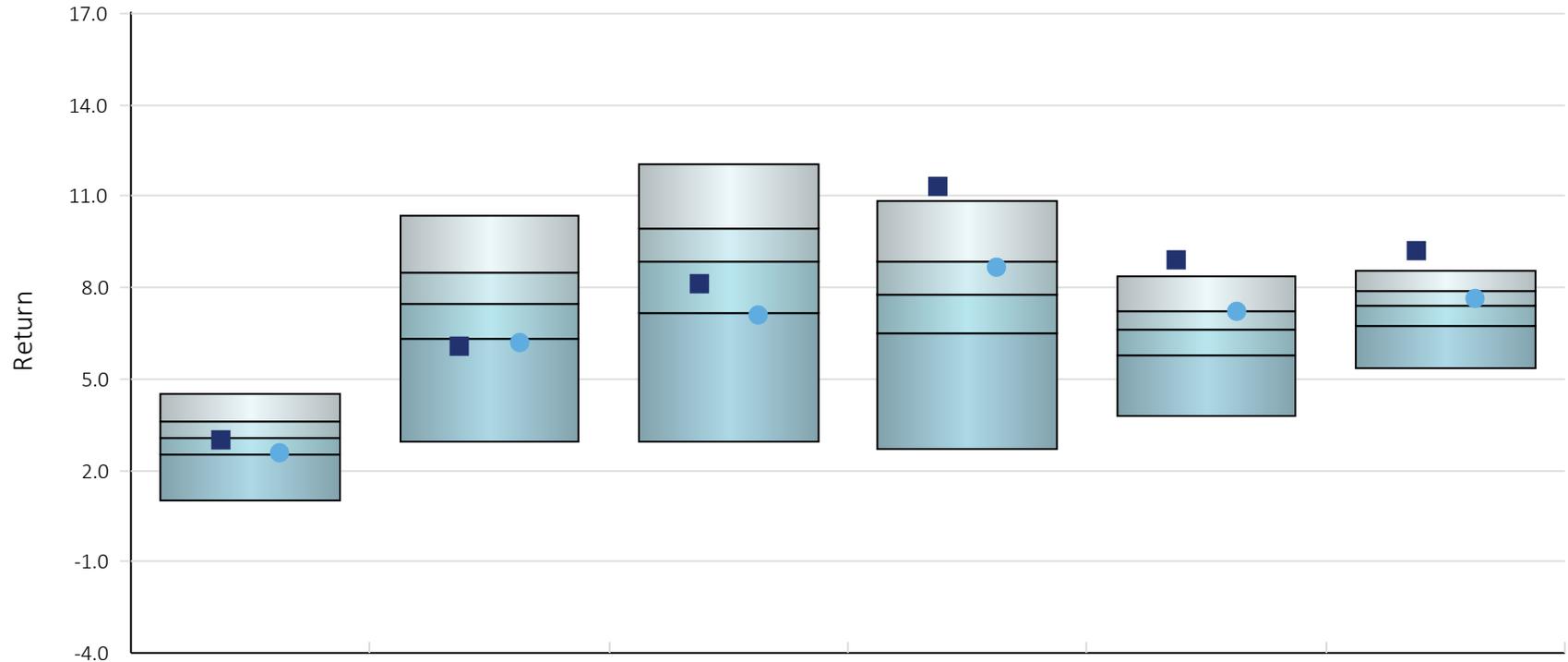
### Total Manager Value Added:1.1%



# Plan Sponsor Peer Group Analysis

Total Fund vs All Public Plans-Total Fund (GOF)

Periods Ended June 30, 2023



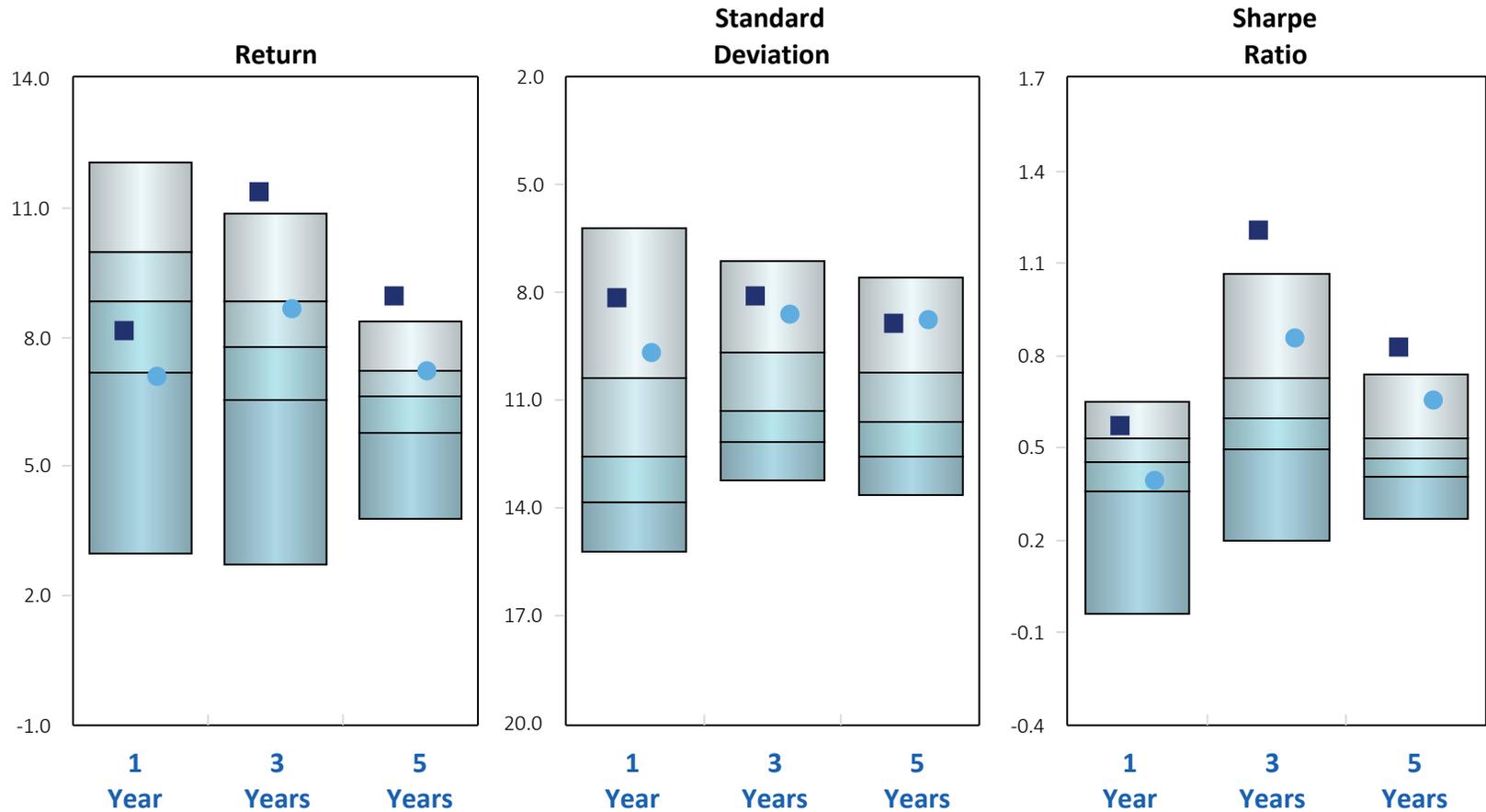
	<b>QTD</b>	<b>YTD</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
■ Total Fund	3.00 (53)	6.06 (79)	8.14 (60)	11.35 (4)	8.94 (2)	9.23 (2)
● OSERS Policy Benchmark	2.59 (74)	6.20 (77)	7.11 (76)	8.65 (30)	7.21 (26)	7.63 (39)
5th Percentile	4.51	10.34	12.07	10.86	8.35	8.56
1st Quartile	3.57	8.49	9.96	8.85	7.23	7.89
Median	3.05	7.45	8.82	7.79	6.63	7.38
3rd Quartile	2.52	6.35	7.17	6.53	5.77	6.76
95th Percentile	1.03	2.95	2.97	2.73	3.78	5.36
Population	492	486	477	449	434	381

Parentheses contain percentile rankings.  
 Calculation based on monthly periodicity.  
 Ohio SERS performance is Gross of Fees

# Plan Sponsor Peer Group Analysis - Multi Statistics

Total Fund vs All Public Plans-Total Fund (GOF)

Periods Ended June 30, 2023



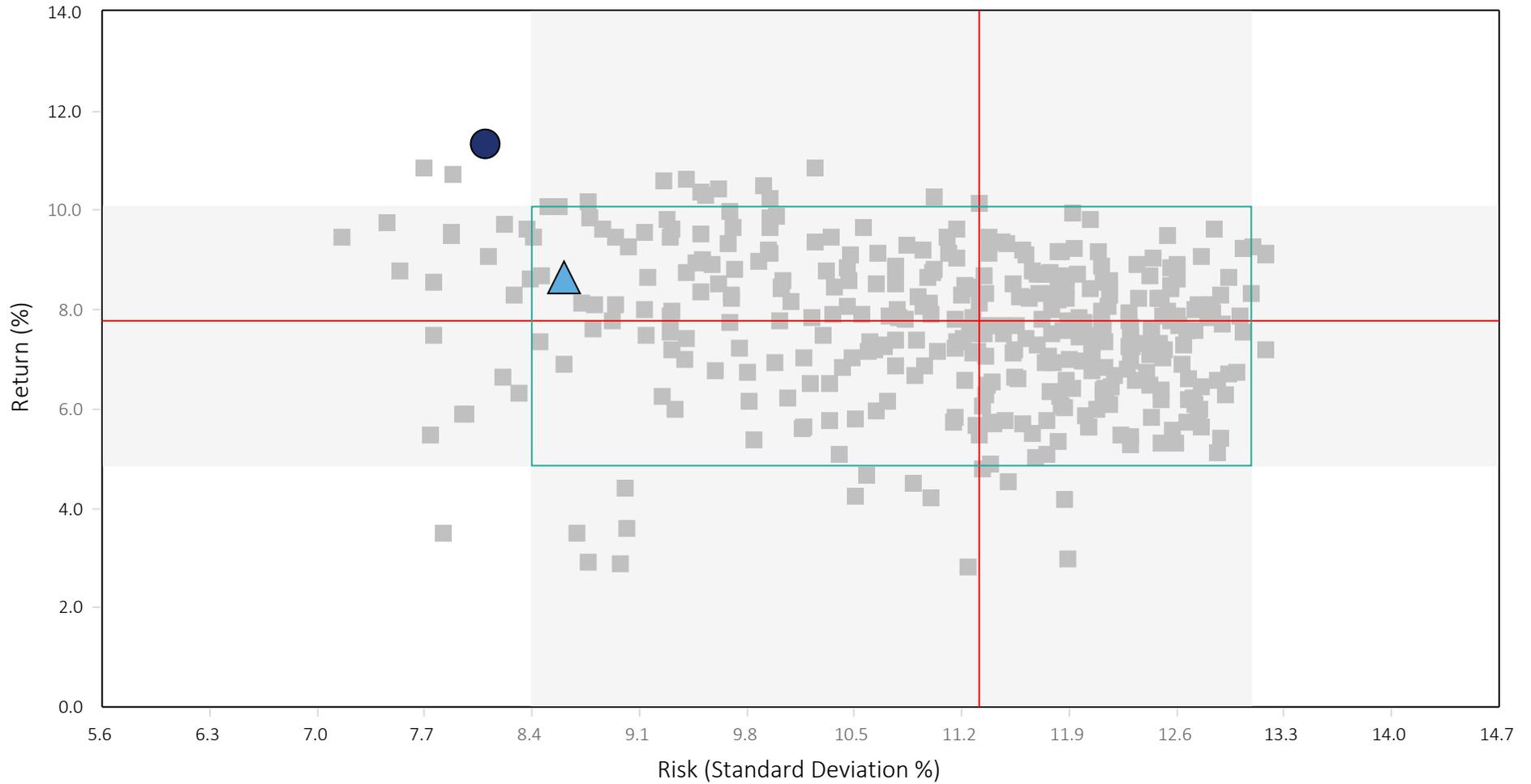
	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
■ Total Fund	8.14 (60)	11.35 (4)	8.94 (2)	8.13 (8)	8.10 (10)	8.88 (11)	0.57 (16)	1.21 (3)	0.83 (2)
● OSERS Policy Benchmark	7.11 (76)	8.65 (30)	7.21 (26)	9.69 (18)	8.61 (13)	8.78 (10)	0.39 (68)	0.86 (14)	0.66 (9)
5th Percentile	12.07	10.86	8.35	6.21	7.16	7.60	0.65	1.07	0.74
1st Quartile	9.96	8.85	7.23	10.39	9.69	10.21	0.53	0.73	0.53
Median	8.82	7.79	6.63	12.56	11.31	11.60	0.46	0.59	0.47
3rd Quartile	7.17	6.53	5.77	13.87	12.17	12.58	0.36	0.49	0.41
95th Percentile	2.97	2.73	3.78	15.23	13.23	13.62	-0.04	0.20	0.27

Parentheses contain percentile rankings.  
 Calculation based on monthly periodicity.  
 Ohio SERS performance is Gross of Fees

# Plan Sponsor Scattergram

Total Fund vs All Public Plans-Total Fund

Periods Ended July 1, 2020 To June 30, 2023



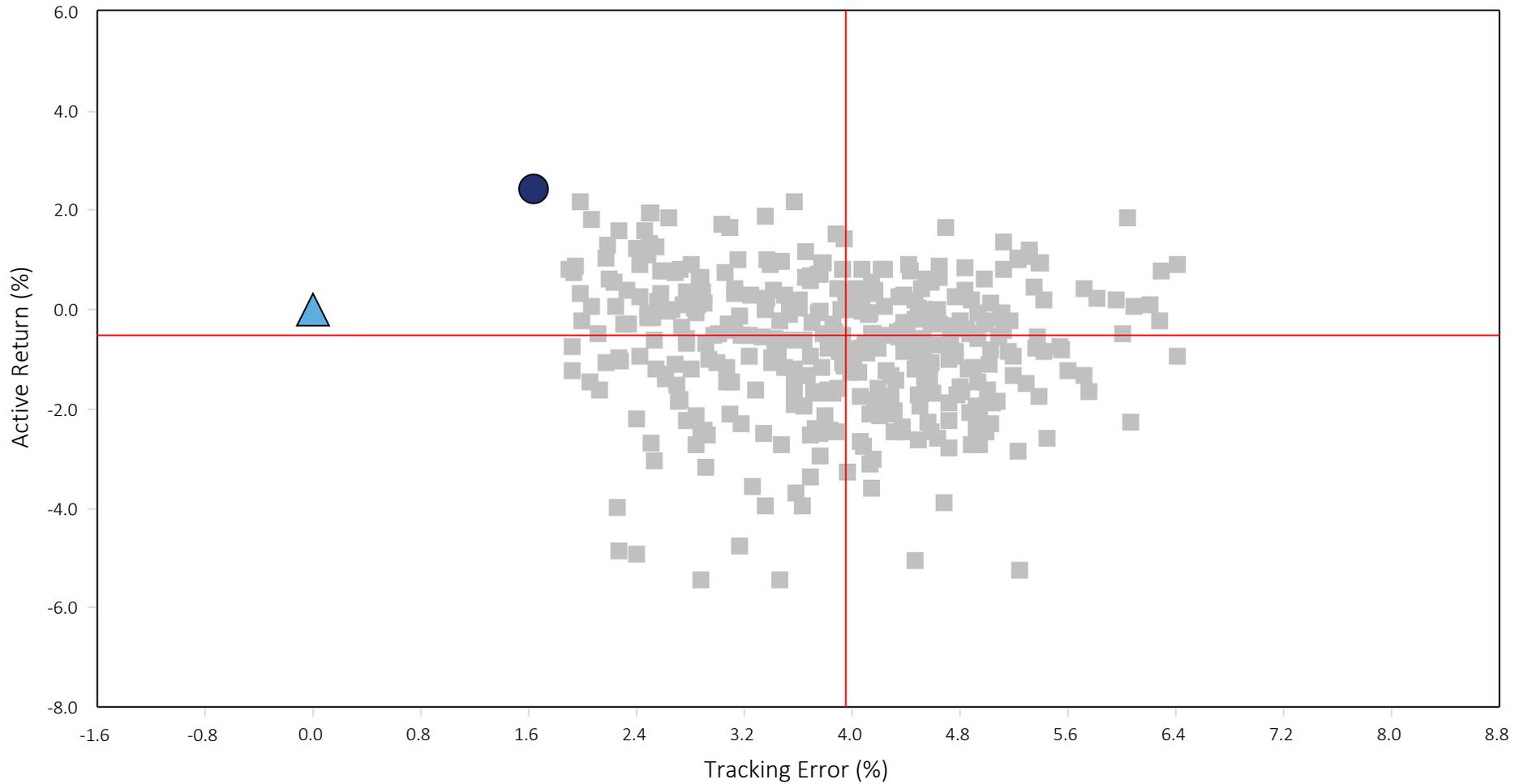
	Return	Standard Deviation
● Total Fund	11.35	8.10
▲ OSERS Policy Benchmark	8.65	8.61
— Median	7.79	11.31

Calculation based on monthly periodicity.  
Ohio SERS performance is Gross of Fees

# Plan Sponsor Scattergram

Total Fund vs All Public Plans-Total Fund

Periods Ended July 1, 2020 To June 30, 2023



	Active Return	Tracking Error
● Total Fund	2.43	1.63
▲ OSERS Policy Benchmark	0.00	0.00
— Median	-0.53	3.95

Calculation based on monthly periodicity.  
Ohio SERS performance is Gross of Fees

# Asset Allocation & Performance

## Total Fund

Periods Ended June 30, 2023

	Allocation		Performance (%) net of fees									
	Market Value \$000	%	1 Quarter	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception	Inception Date
<b>Total Fund</b>	<b>17,834,827</b>	<b>100.00</b>	<b>2.85</b>	<b>5.73</b>	<b>7.39</b>	<b>7.39</b>	<b>10.65</b>	<b>8.27</b>	<b>8.55</b>	<b>7.56</b>	<b>7.82</b>	<b>10/1/1994</b>
OSERS Policy Benchmark			2.59	6.20	7.11	7.11	8.65	7.21	7.63	7.38	7.77	
Value Added			0.26	-0.47	0.28	0.28	2.00	1.06	0.92	0.18	0.05	
<b>Global Equity</b>	<b>7,492,567</b>	<b>42.01</b>	<b>5.90</b>	<b>12.56</b>	<b>15.60</b>	<b>15.60</b>	<b>11.22</b>	<b>8.14</b>	<b>9.01</b>	<b>8.21</b>	<b>7.68</b>	<b>7/1/2002</b>
Global Equity Benchmark			6.18	13.93	16.53	16.53	10.97	7.69	8.61	7.89	7.39	
Value Added			-0.28	-1.37	-0.93	-0.93	0.25	0.45	0.40	0.32	0.29	
<b>Global Private Equity</b>	<b>2,304,317</b>	<b>12.92</b>	<b>3.17</b>	<b>4.36</b>	<b>2.54</b>	<b>2.54</b>	<b>26.17</b>	<b>18.86</b>	<b>18.37</b>	<b>13.25</b>	<b>13.37</b>	<b>10/1/1994</b>
Global PE Benchmark			1.15	2.20	-3.93	-3.93	21.77	15.10	14.34	12.97	12.92	
Value Added			2.02	2.16	6.47	6.47	4.40	3.76	4.03	0.28	0.45	
<b>Global Private Credit</b>	<b>1,054,352</b>	<b>5.91</b>	<b>3.29</b>	<b>4.88</b>	<b>6.07</b>	<b>6.07</b>	<b>10.88</b>				<b>10.88</b>	<b>7/1/2020</b>
Global Private Credit Benchmark			2.33	4.57	8.30	8.30	5.91				5.91	
Value Added			0.96	0.31	-2.23	-2.23	4.97				4.97	
<b>Global Fixed Income</b>	<b>2,317,636</b>	<b>13.00</b>	<b>-0.39</b>	<b>2.90</b>	<b>0.74</b>	<b>0.74</b>	<b>-2.31</b>	<b>1.81</b>	<b>2.29</b>	<b>3.91</b>	<b>5.25</b>	<b>10/1/1994</b>
Blmbg. U.S. Aggregate Index			-0.84	2.09	-0.94	-0.94	-3.97	0.77	1.52	3.01	4.61	
Value Added			0.45	0.81	1.68	1.68	1.66	1.04	0.77	0.90	0.64	
<b>Cash Equivalents</b>	<b>469,695</b>	<b>2.63</b>	<b>1.54</b>	<b>2.28</b>	<b>2.76</b>	<b>2.76</b>	<b>6.20</b>	<b>4.41</b>	<b>2.67</b>	<b>2.39</b>	<b>2.34</b>	<b>7/1/2002</b>
FTSE 1 Month T-Bill			1.21	2.31	3.70	3.70	1.29	1.50	0.93	1.24	1.24	
Value Added			0.33	-0.03	-0.94	-0.94	4.91	2.91	1.74	1.15	1.10	

# Asset Allocation & Performance

Total Fund

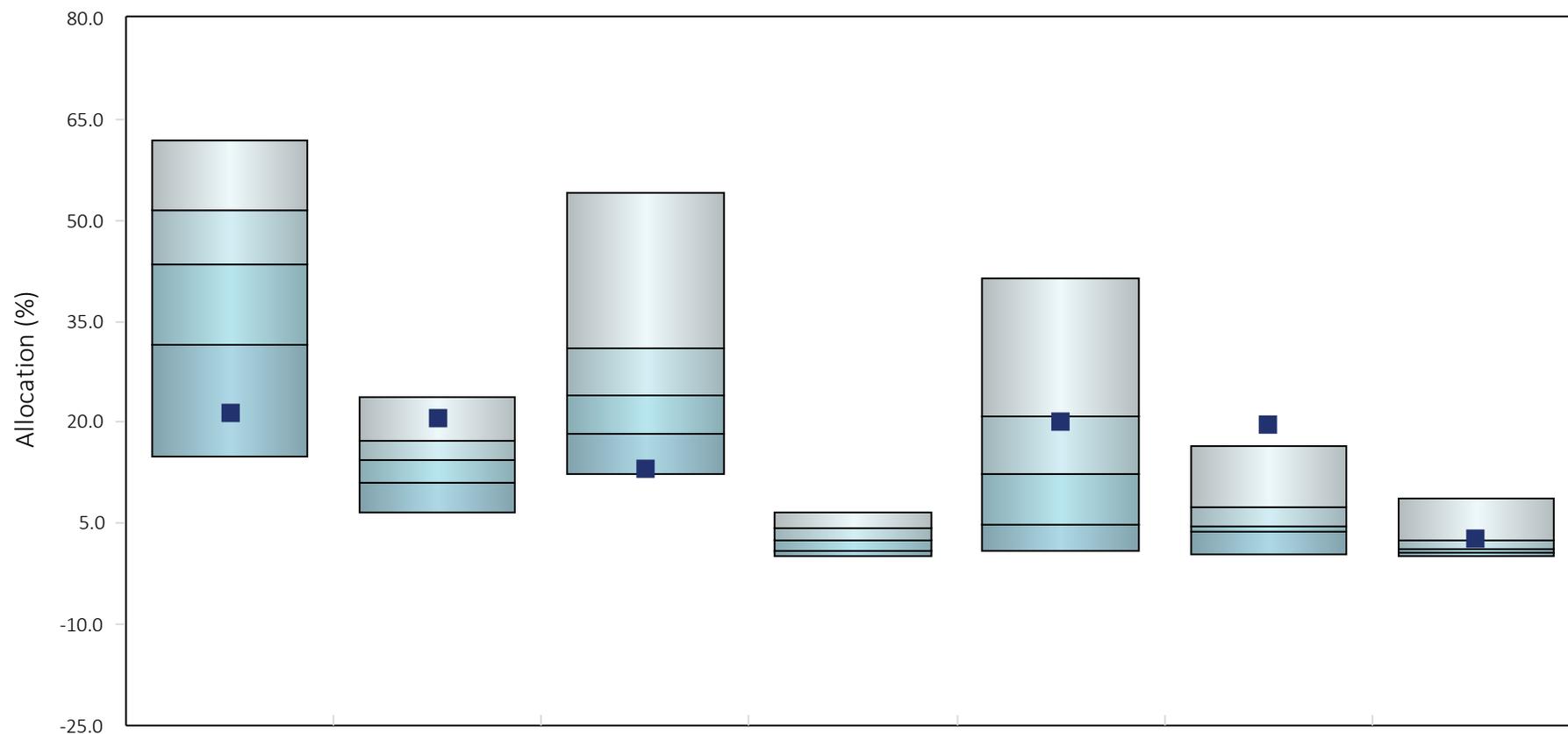
Periods Ended June 30, 2023

	Allocation		Performance (%) net of fees									
	Market Value \$000	%	1 Quarter	YTD	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	Since Inception	Inception Date
<b>Global Real Assets</b>	3,628,641	20.35	-0.88	-3.28	1.30	1.30	10.82	9.17	10.22	7.41	7.75	10/1/1994
Real Assets Benchmark			-1.81	-5.25	-1.63	-1.63	7.15	6.71	8.34	8.71	9.19	
Value Added			0.93	1.97	2.93	2.93	3.67	2.46	1.88	-1.30	-1.44	
<b>Opportunistic &amp; Tactical</b>	567,618	3.18	1.24	3.82	2.71	2.71	11.30	6.05	6.89		6.93	6/1/2013
Opportunistic Benchmark			-0.31	3.15	1.08	1.08	-2.03	0.76	4.34	4.17		
Value Added			1.55	0.67	1.63	1.63	13.33	5.29	2.55	2.76		

# Plan Sponsor TF Asset Allocation

Total Fund vs All Public Plans-Total Fund

Periods Ended June 30, 2023



	US Equity	Global ex-US Equity	US Fixed	Global ex-US Fixed	Alternatives	Total Real Estate	Cash & Equivalents
■ Total Fund	21.32	20.69	13.00		21.70	19.90	2.63
5th Percentile	61.86	23.75	53.98	6.68	41.32	16.51	8.60
1st Quartile	51.51	17.25	31.07	4.25	20.90	7.42	2.43
Median	43.57	14.34	23.91	2.45	12.31	4.49	1.23
3rd Quartile	31.58	10.92	18.31	0.92	4.90	3.78	0.58
95th Percentile	14.84	6.59	12.25	0.04	1.00	0.44	0.08

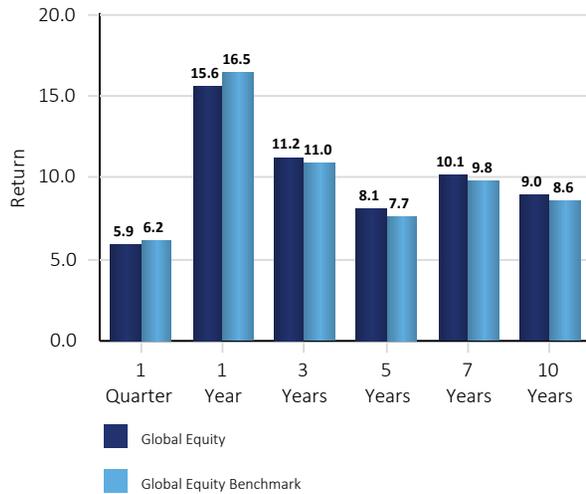
# Global Equity

# Performance Summary

## Global Equity

Periods Ended June 30, 2023

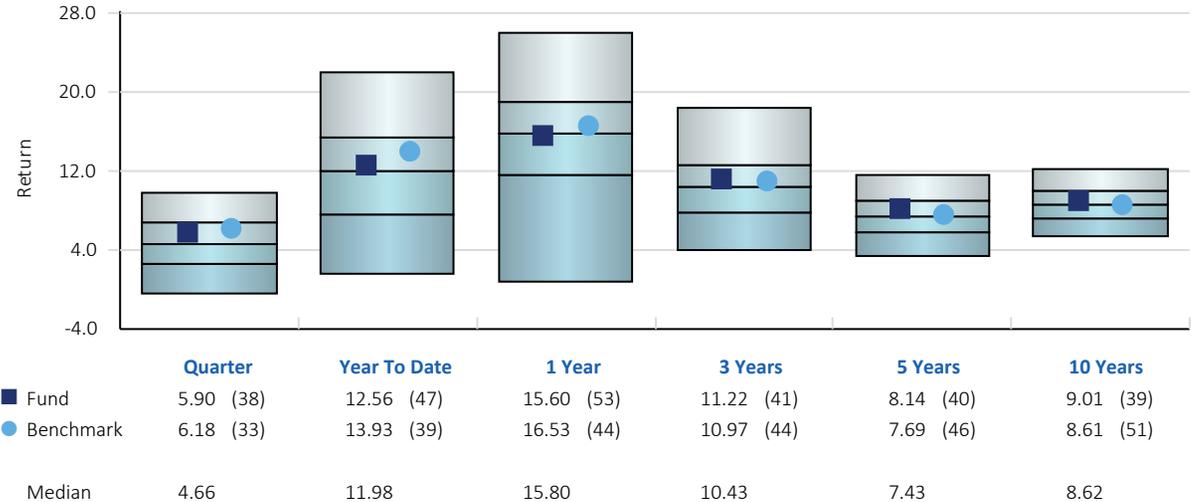
### Comparative Performance



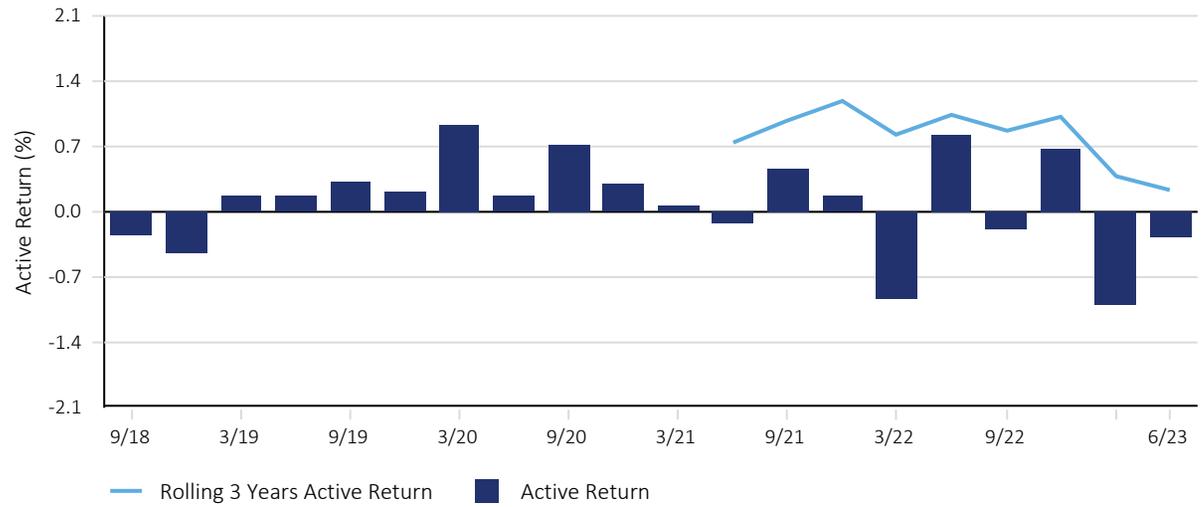
### Comparative Performance



### Peer Group Analysis: IM Global Equity (SA+CF)(NOF)



### Quarterly Active Return



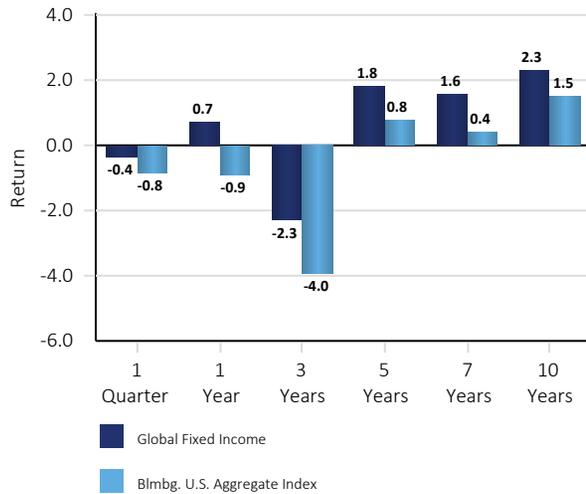
# Global Fixed Income

# Performance Summary

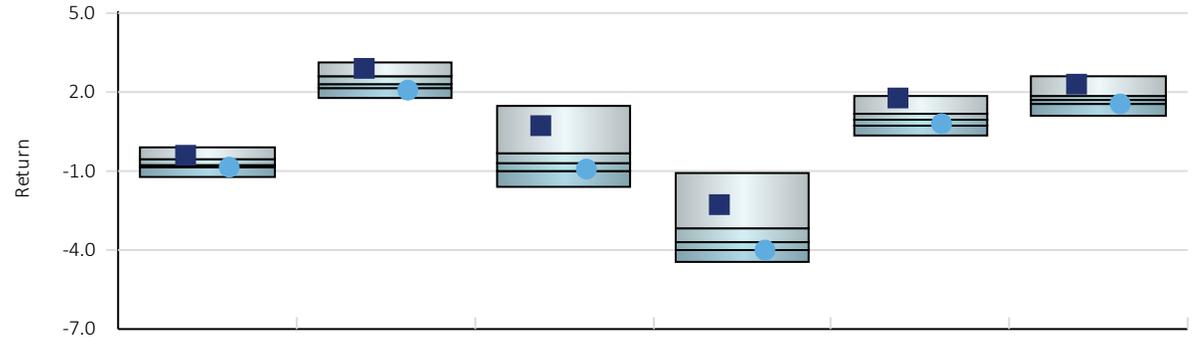
## Global Fixed Income

Periods Ended June 30, 2023

### Comparative Performance

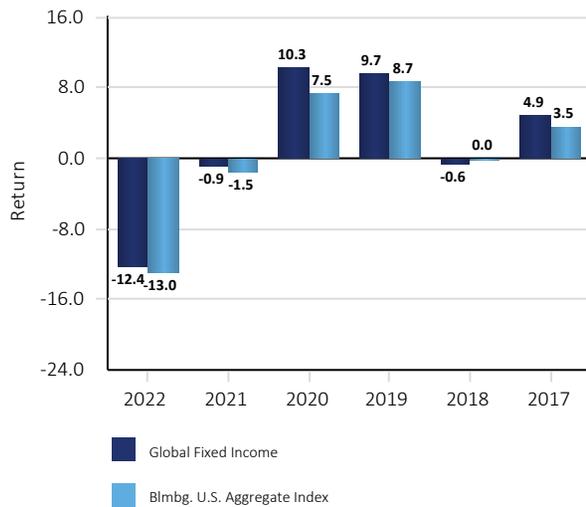


### Peer Group Analysis: IM U.S. Broad Market Core Fixed Income (SA+CF) (NOF)

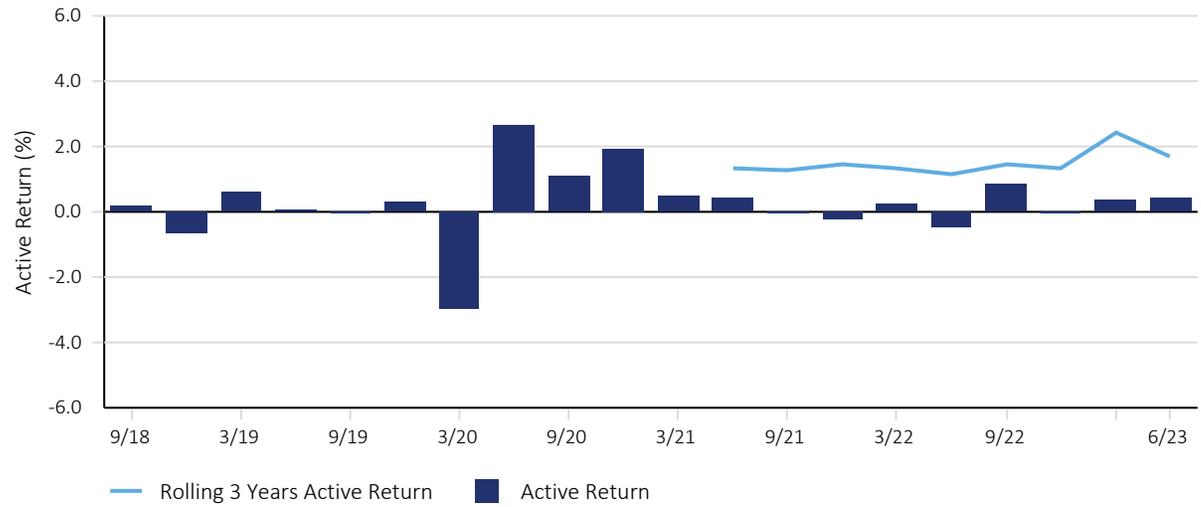


	Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
■ Fund	-0.39 (8)	2.90 (8)	0.74 (7)	-2.31 (10)	1.81 (6)	2.29 (8)
● Benchmark	-0.84 (66)	2.09 (79)	-0.94 (65)	-3.97 (75)	0.77 (72)	1.52 (76)
Median	-0.77	2.29	-0.69	-3.70	0.96	1.70

### Comparative Performance



### Quarterly Active Return



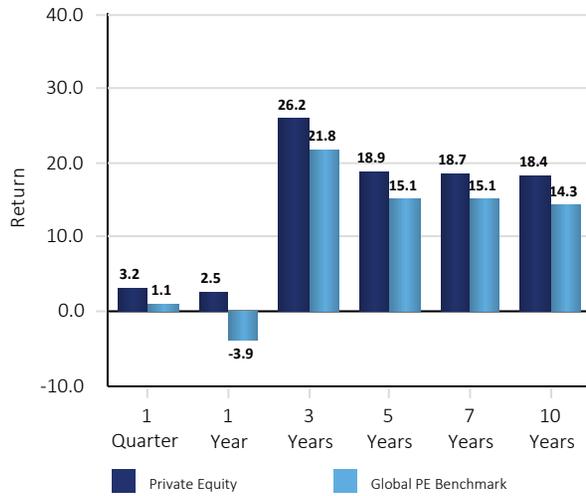
# Global Private Equity

# Performance Summary

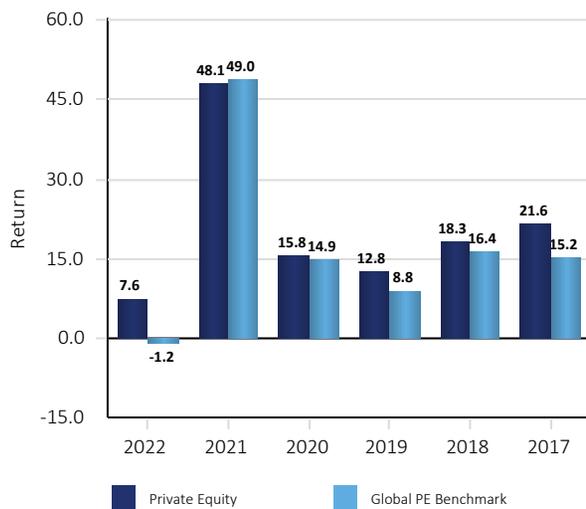
## Global Private Equity

Periods Ended June 30, 2023

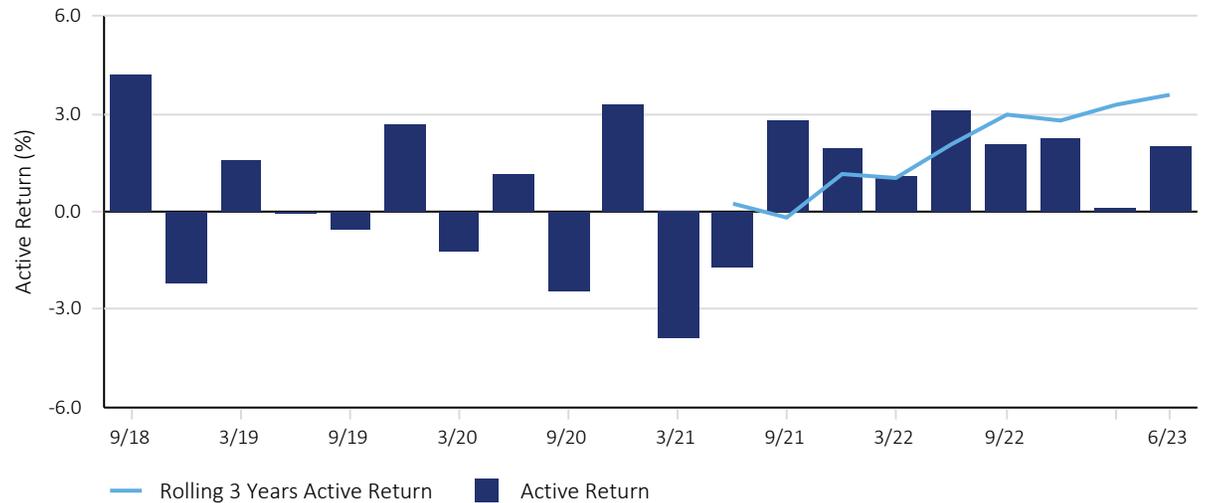
### Comparative Performance



### Comparative Performance



### Quarterly Active Return



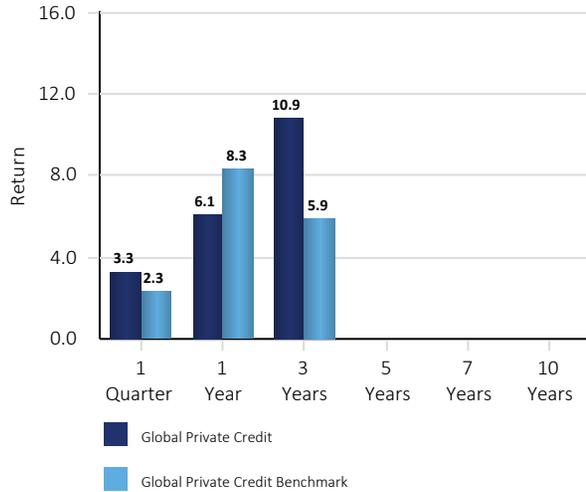
# Global Private Credit

# Performance Summary

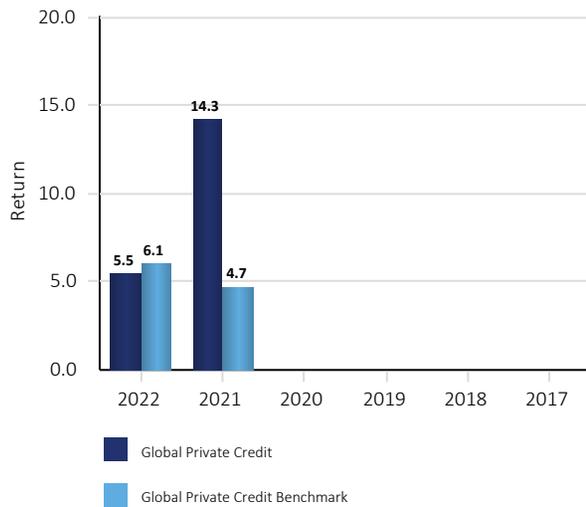
## Global Private Credit

Periods Ended June 30, 2023

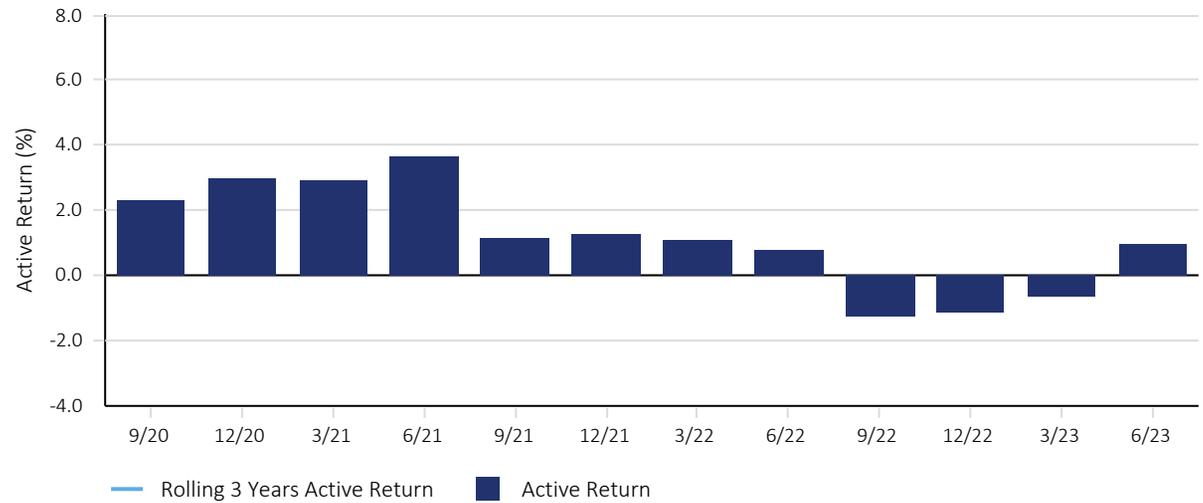
### Comparative Performance



### Comparative Performance



### Quarterly Active Return



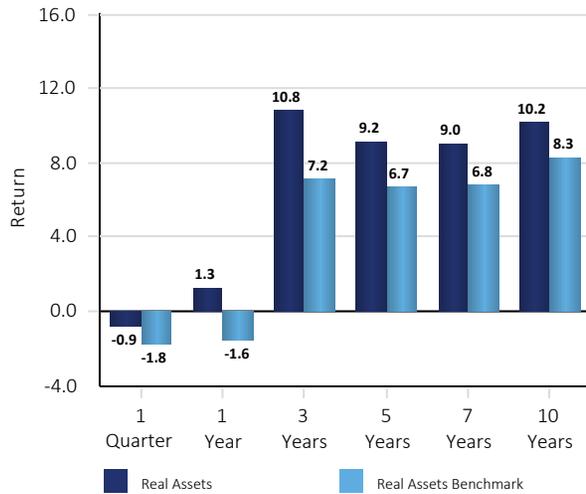
# Global Real Assets

# Performance Summary

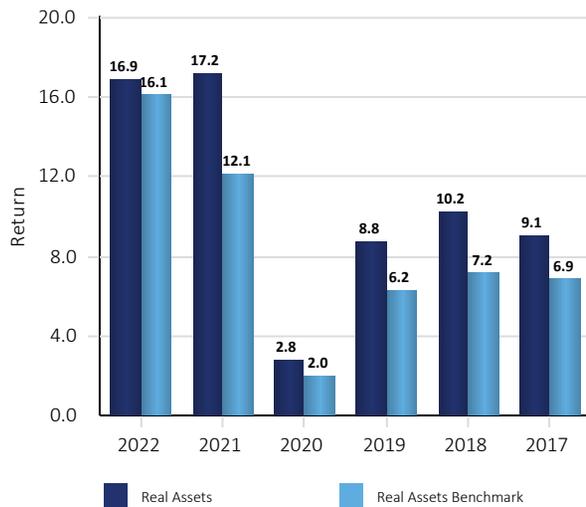
## Global Real Assets

Periods Ended June 30, 2023

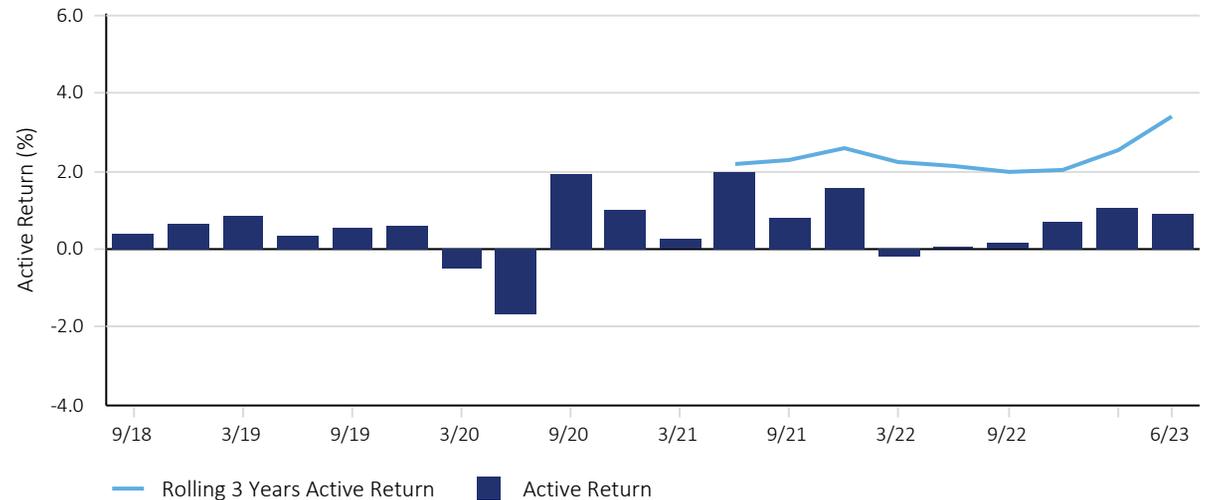
### Comparative Performance



### Comparative Performance



### Quarterly Active Return

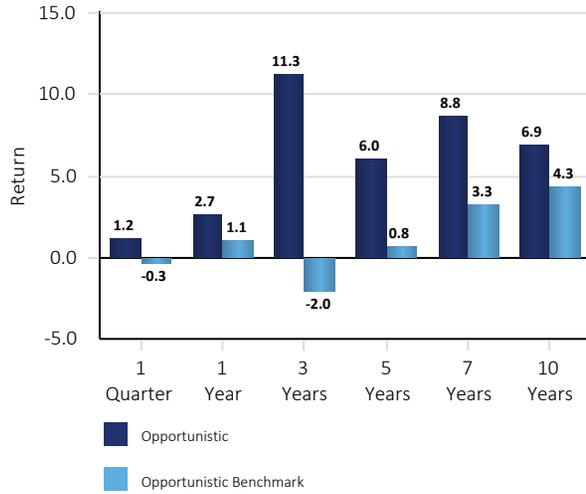


# Opportunistic & Tactical

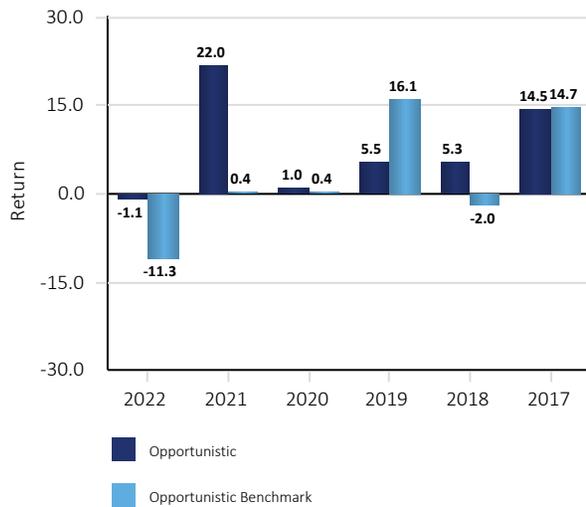
# Performance Summary

Opportunistic & Tactical  
 Periods Ended June 30, 2023

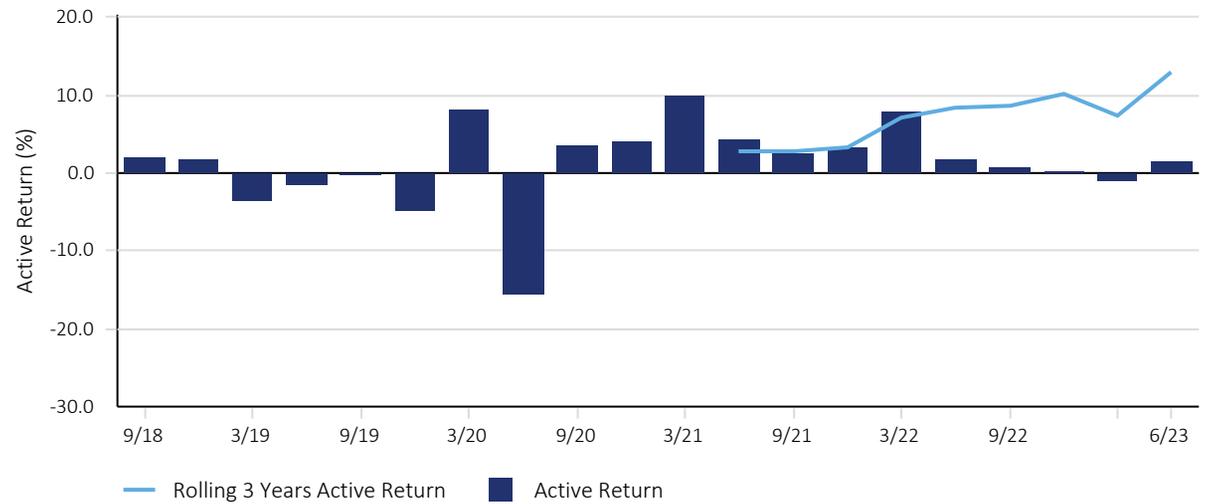
## Comparative Performance



## Comparative Performance



## Quarterly Active Return





# Ohio SERS Investment Report

## Monthly Report to the Board

For the period ending: July 31, 2023

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

*Meeting Date: September 2023*



## Investment Agenda

- Wilshire Quarterly Performance Report (June 30, 2023)
- Investment Report (June 30 & July 31, 2023)
- Quarterly Risk report (June 30, 2023)



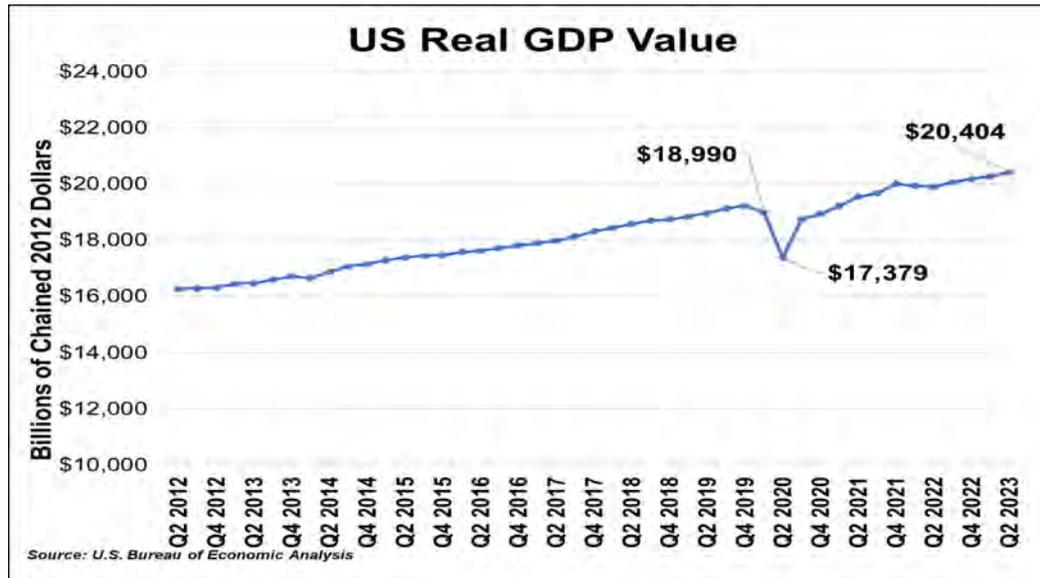
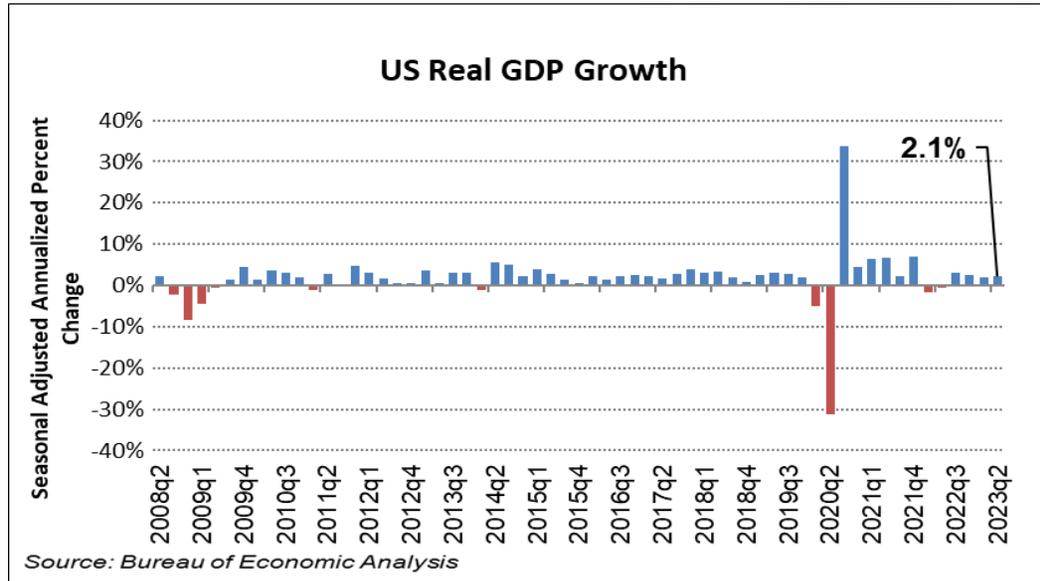
## Economic and Financial Market Outlook

- US growth slowed but remained resilient. Q2 2023 growth rate was 2.1%, 0.1% higher than Q1. Main drivers of Q2 were increases in business investment, government spendings, and personal consumption expenditures. Consensus expects an economic slowdown to accelerate by the end of 2023 and early 2024 with expected growth of 1.7% in Q3, 2023; 0.3% in Q4, 2023 and 0.0% in Q1, 2024. (Source: Bureau of Economic Analysis and July Blue Chip Economic Indicators)
- US labor market remained resilient, adding 187,000 jobs in August. Unemployment rate rose slightly to 3.8% as the labor force participation rate rose to 62.8%. However, it remained below pre-pandemic level of 63.3%, (Sources: Bureau of Labor Statistics and Department of Labor)
- US headline inflation declined to 3.2% and core inflation was slightly down to 4.7% in June. The energy index was down 12.5% while the food index was up 4.9% for the last 12 months. (Source: Bureau of Labor Statistics).
- The 10-year Treasury nominal yield was 4.09% as of August end, increasing 11 bps from July. The current 10-year real yield, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation was 0.77% in July. This indicator turned positive in June after being consistently negative for almost 4 years. The Fed conducted the fourth interest rate hike of 25 bps in 2023, after seven hikes in 2022, to curb inflation. Fed Funds rate currently is in the range of 5.25-5.50%, the highest level over the last 15 years.
- The S&P Case-Shiller 20-City home price index generated its fourth consecutive positive month with a 0.9% gain in June; however, the annual return remained negative 1.2%, improved from negative 1.7% the previous month.
- Consumer Sentiment Index released by Thomson Reuters and University of Michigan was 69.5 in August, improved significantly from June 2022, but remained below the historical average. The US Economic Surprise index trended upward since January 2023 and stayed positive at 46.4 in August. The July Leading Economic Index (LEI) issued by the Conference Board was 106.7, down 0.4% from the previous month. The index has been trending down for the last 16 consecutive months, indicating a high level of economic uncertainty.
- In August, both US and Global Manufacturing PMI readings remained below 50, indicating manufacturing activity contraction while both US and Global Services PMI were above 50, indicating expansion in service sectors. High interest rates and high inflation continue to be the largest challenges to US and global economies. (Source: Institute for Supply Management).
- Equity markets were down in August. The US market (Russell 3000) and Non-US Developed markets (MSCI World ex-USA) were down 1.93% and 3.87%, respectively; Emerging markets suffered the most with a 6.16% loss.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was down 0.64% in August.
- Notes: Acronym – PMI – Purchasing-Managers' Index



**ECONOMY**

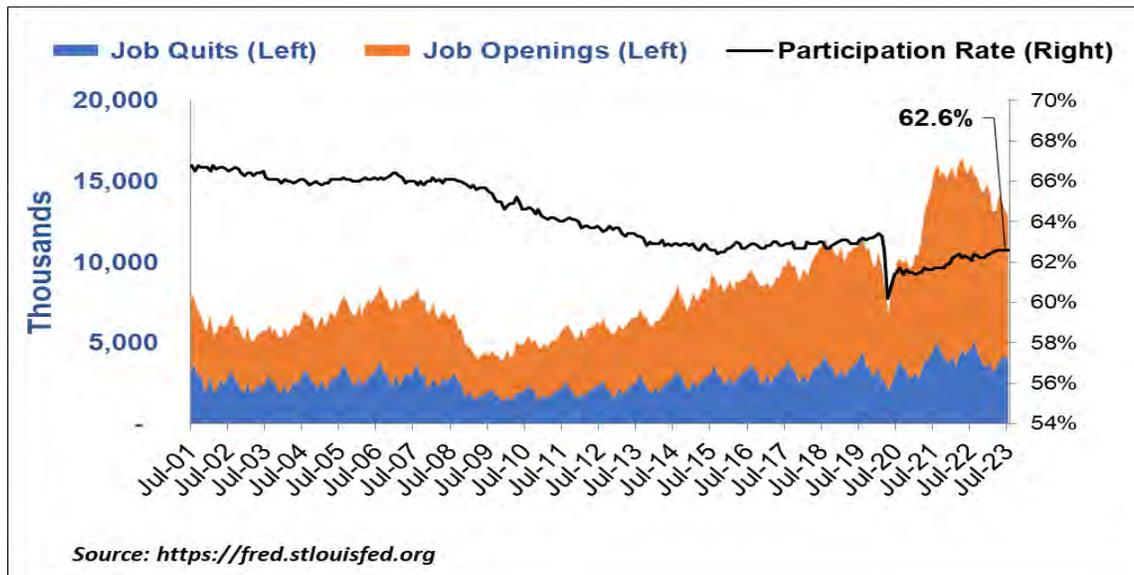
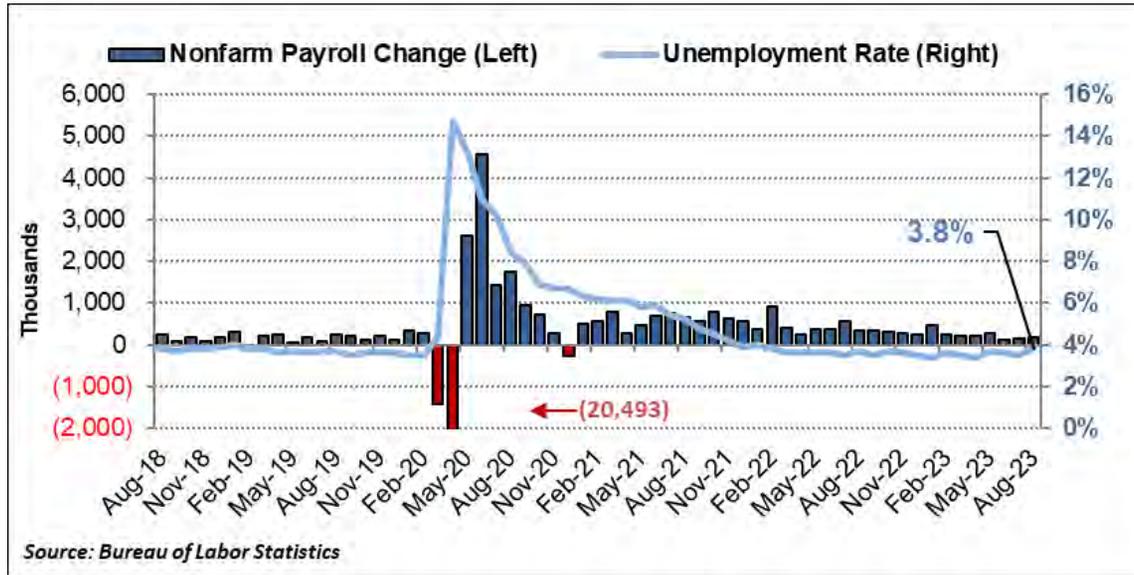
**US Real Gross Domestic Product**





**ECONOMY**

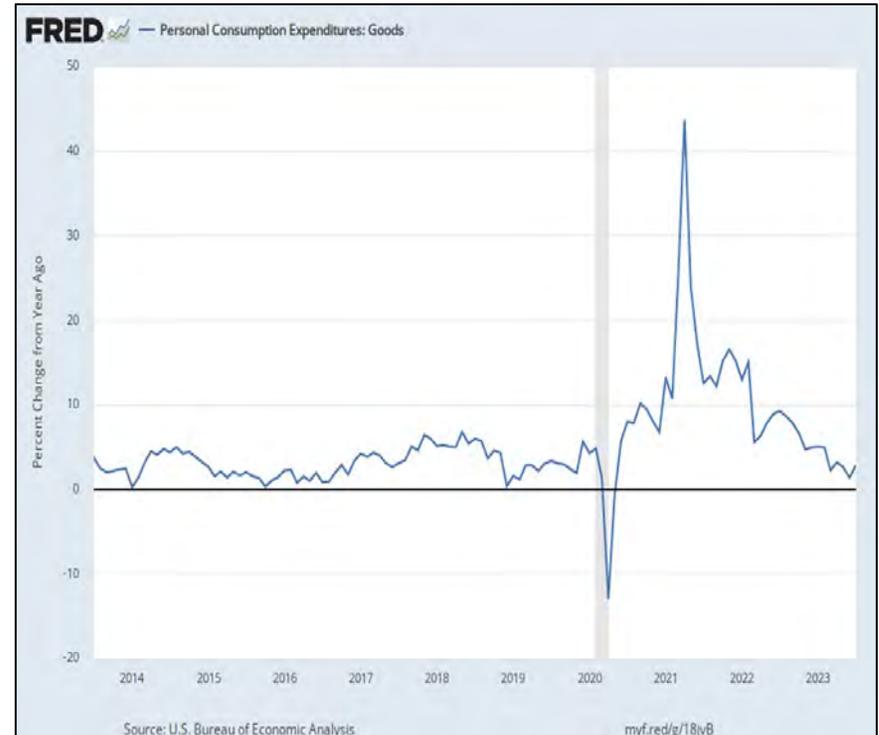
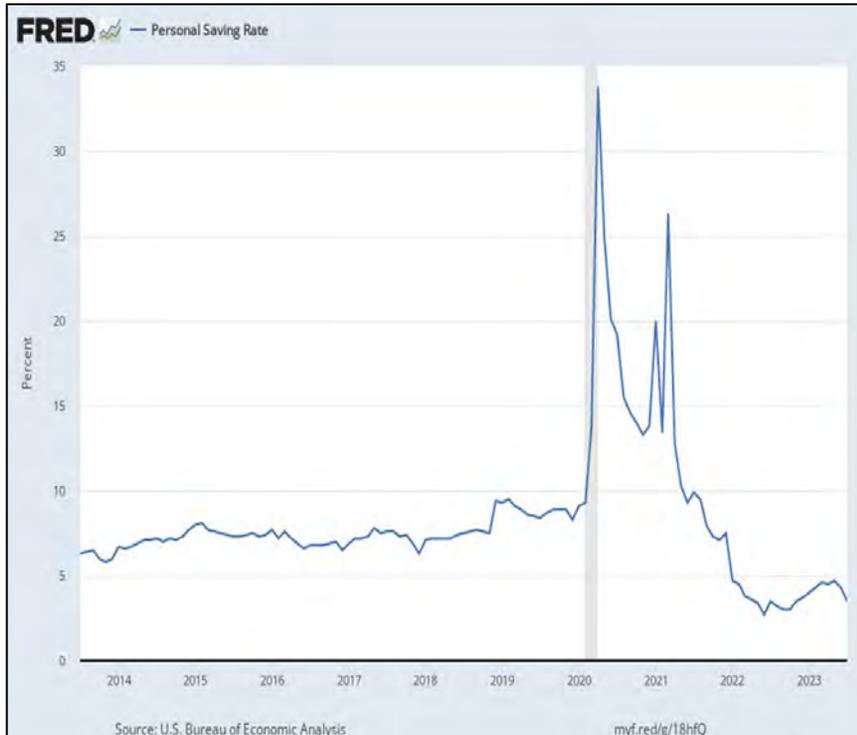
**US Labor Market**





**ECONOMY**

**Personal Savings Rate & Personal Expenditures: Goods**

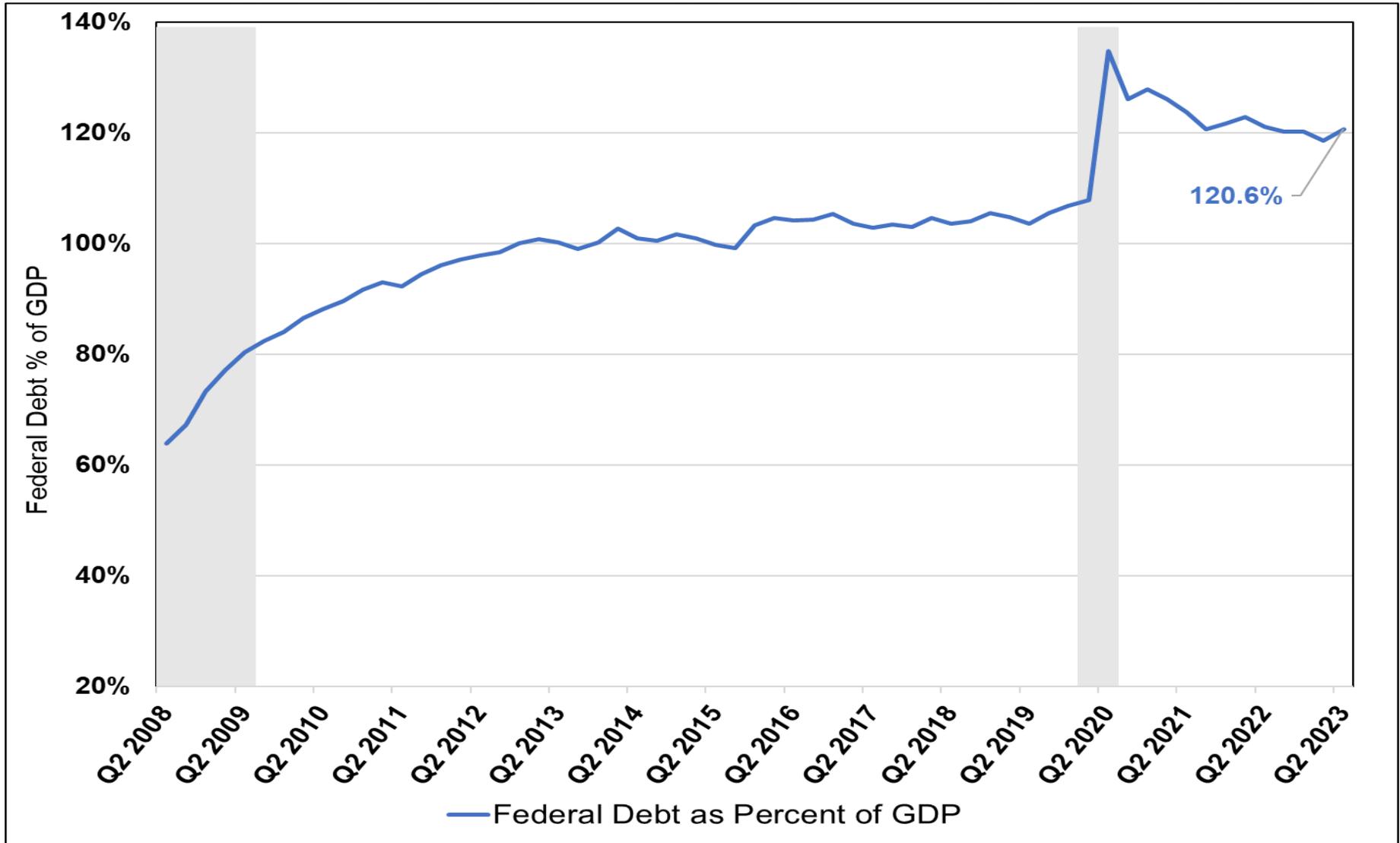


Date	Annual Personal Savings Rate
Jun-20	20.1%
Jun-21	9.3%
Jun-22	2.7%
Jun-23	4.3%
Jul-23	3.5%

Date	Personal Consumption Expenditures: Goods Change from Prior Year
Jun-20	5.7%
Jun-21	17.1%
Jun-22	8.9%
Jun-23	1.4%
Jul-23	2.8%



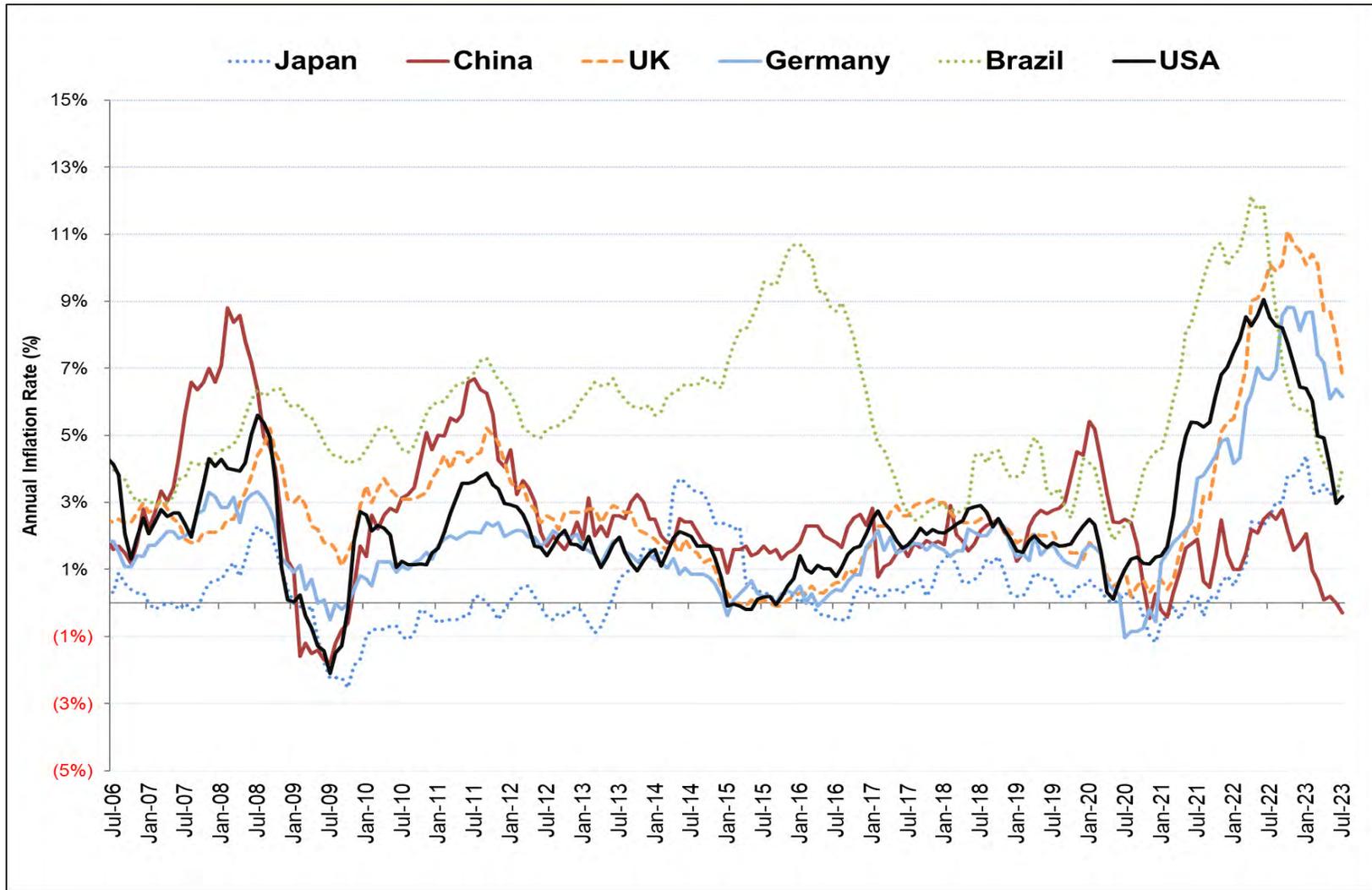
# ECONOMY Federal Debt as Percent of GDP



Source: FRED, U.S. Office of Management and Budget;



# ECONOMY **Headline Inflation**



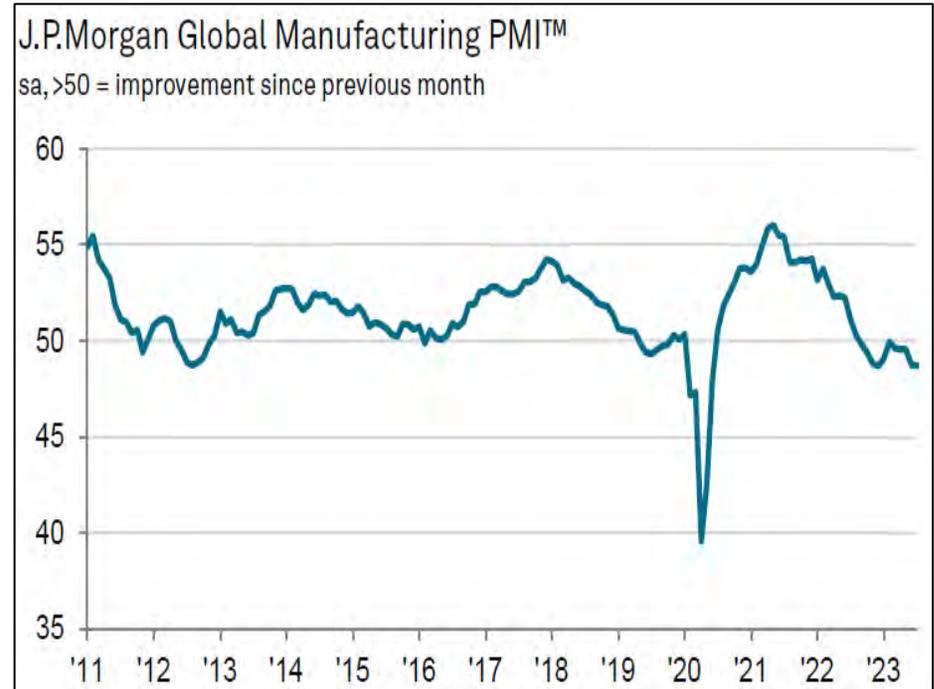
	Japan	China	UK	Germany	Brazil	USA
Jul-23	3.3	-0.3	6.8	6.2	4.0	3.2

Sources: [www.ons.gov.uk](http://www.ons.gov.uk), [www.oecd.org](http://www.oecd.org), [www.inflation.eu](http://www.inflation.eu), and [www.tradingeconomics.com](http://www.tradingeconomics.com)



**ECONOMY**

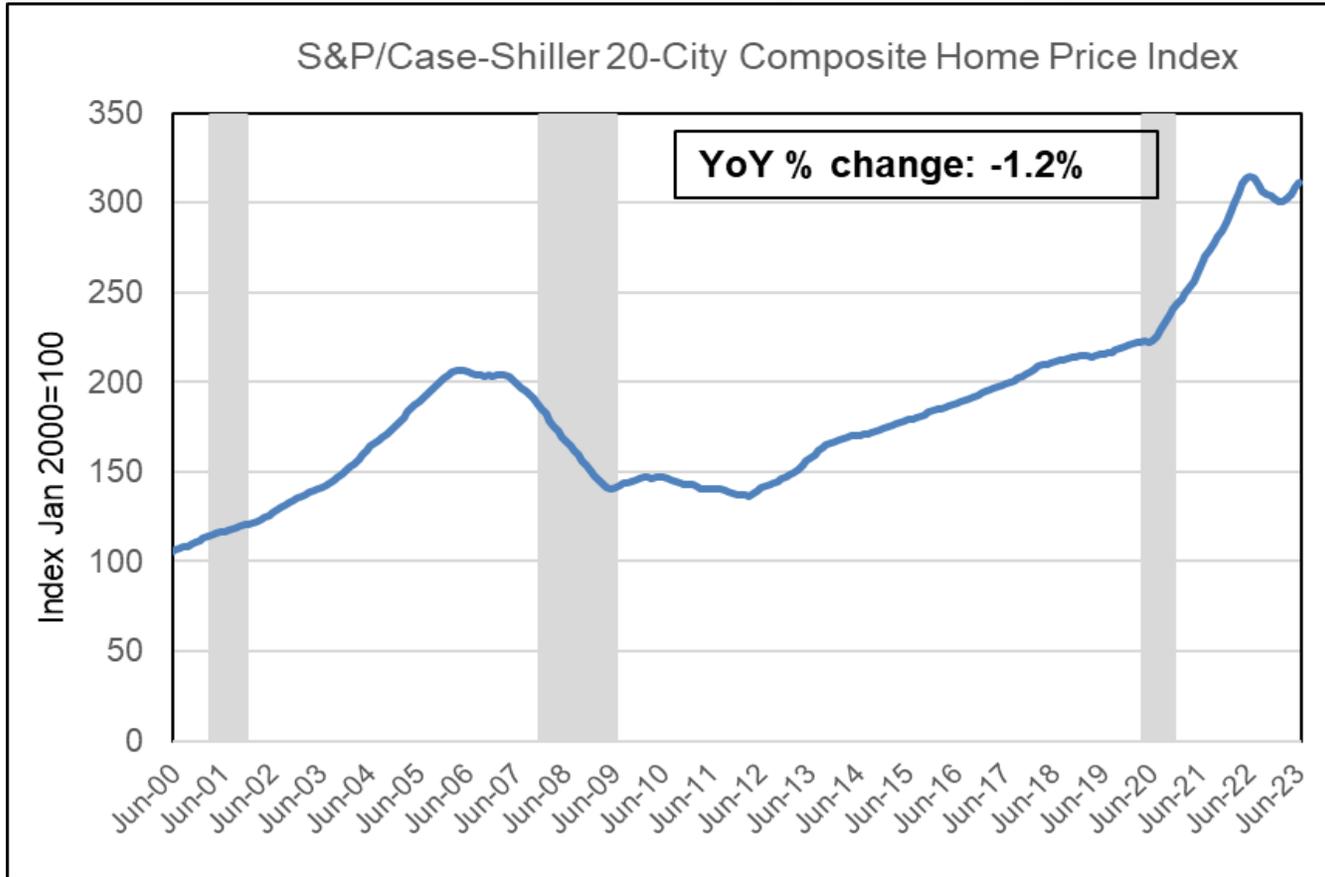
**US & Global Manufacturing Activities**



Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™  
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



**ECONOMY**    **US Housing Market**



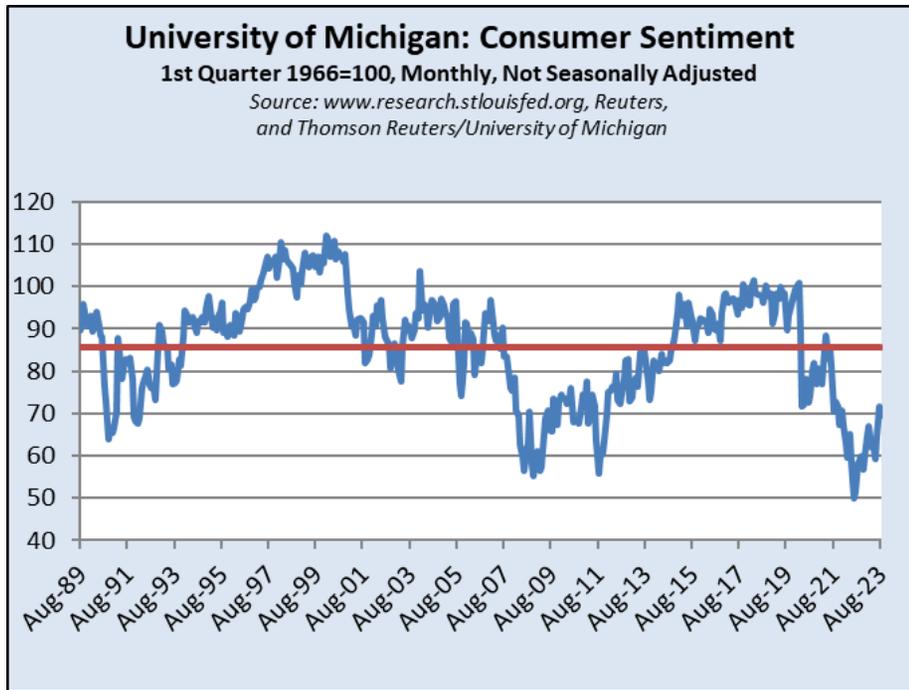
Date	S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted
Jul-19	216.09
Jul-20	225.21
Jul-21	270.27
Jul-22	313.45
Jun-23	310.90

Source: [www.research.stlouisfed.org](http://www.research.stlouisfed.org)



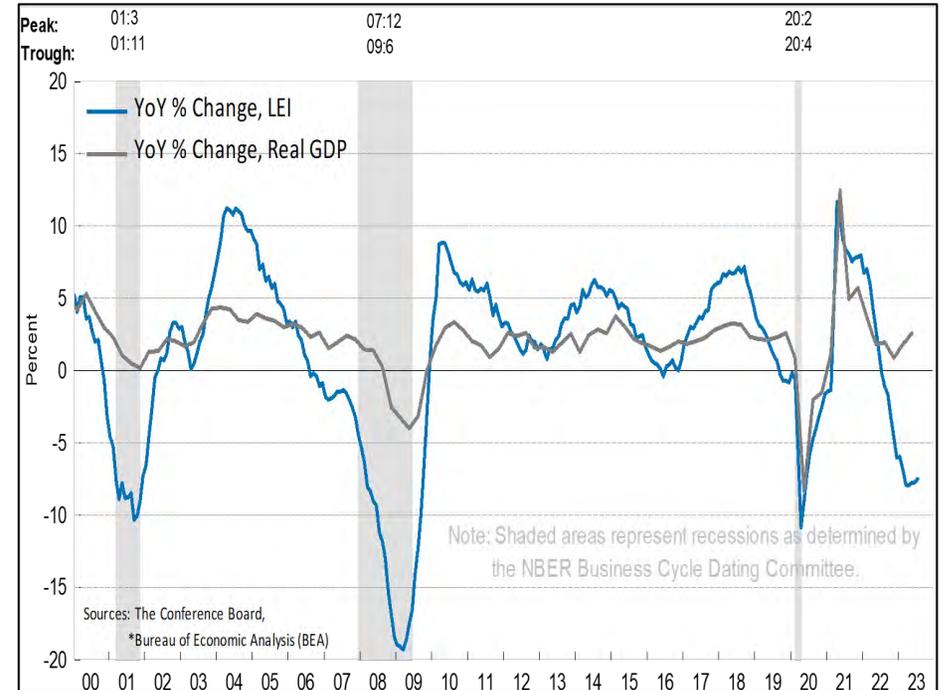
# ECONOMY

## Consumer Sentiment



Index of Consumer Sentiment				
Jul-23	Aug-23	Aug-22	M-M Change	Y-Y Change
71.6	69.5	58.2	-2.9%	19.4%

## The Leading Economic Index (LEI)



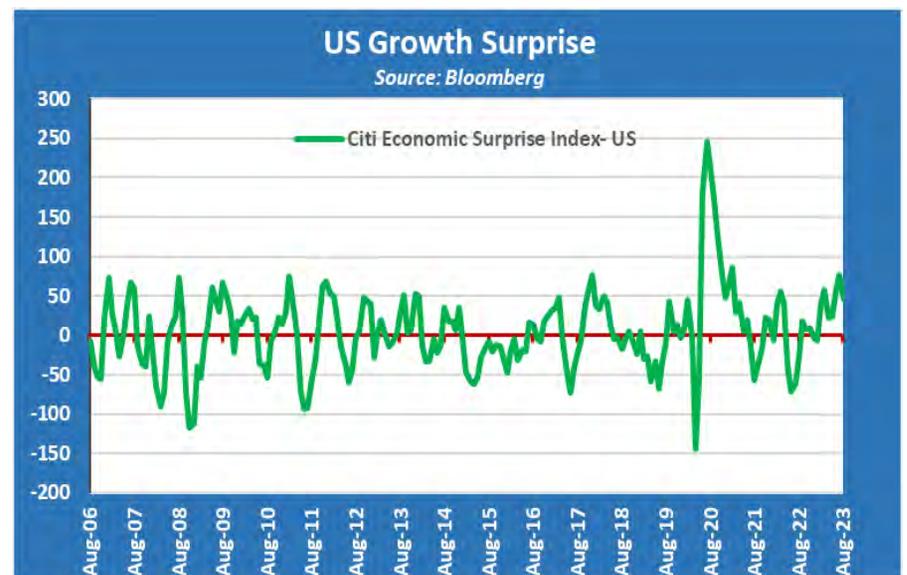
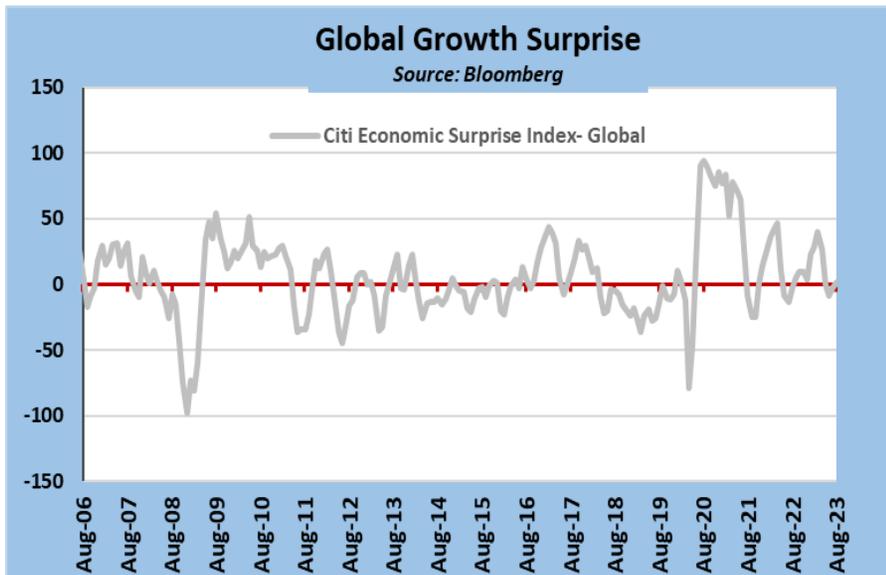
Shaded areas represent US recessions

Index	Jun-23	Jul-23	Month -Month Percent Change	6-Month Percent Change (Jan-Jul)
LEI	106.2 r	105.8 p	-0.4	-4.3

p Preliminary; r Revised; Indexes equal 100 in 2016



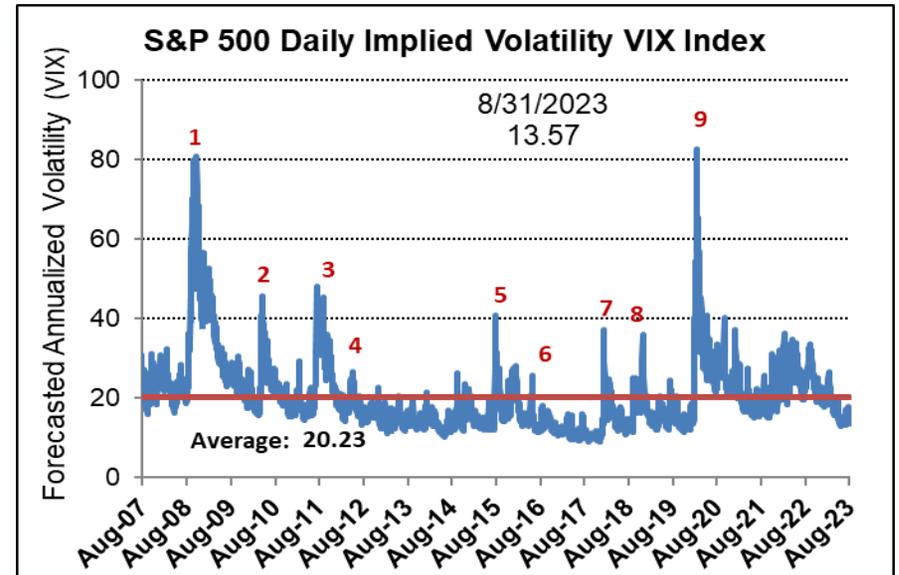
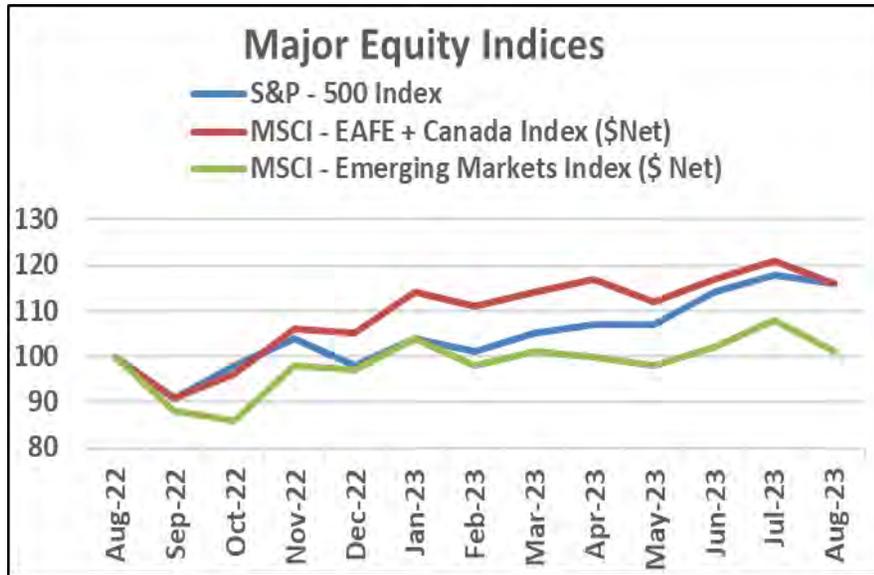
# ECONOMY





**MARKETS**

**Equity**

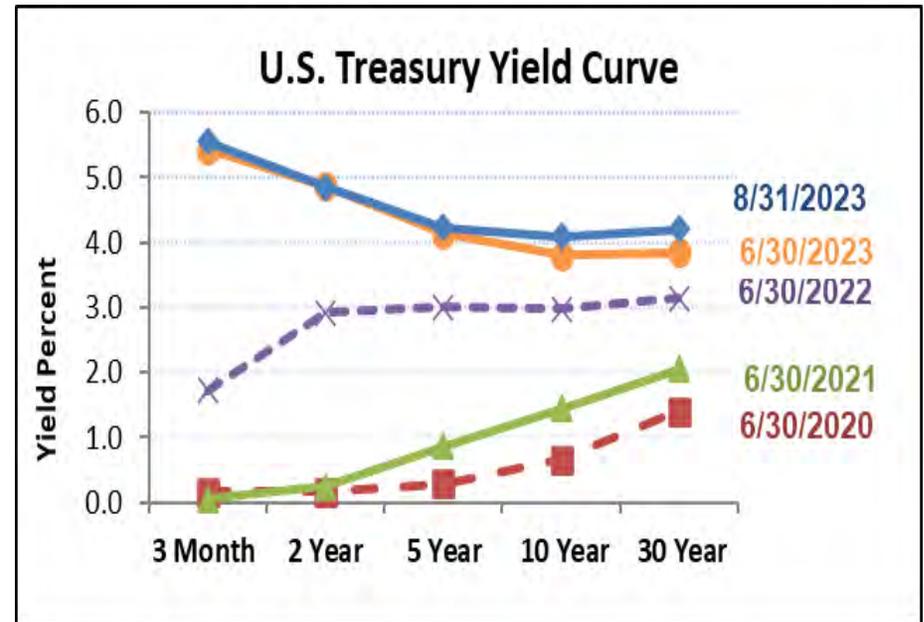


	Return as of 8/31/2023	
	1 Year	FY 2024
S&P 500	15.94	1.57
MSCI - EAFE + Canada Index (\$Net)	16.44	(0.76)
MSCI - Emerging Markets Index (\$Net)	1.25	(0.32)

- 1 2008 (Nov.) Financial Crisis S&P 500: - 48.8%
- 2 2010 (May) Flash crash; Europe/ Greece debt S&P 500: -16%
- 3 2011 (Aug.) US downgrade, Europe periphery S&P 500: -19.4%
- 4 2012 (June) Eurozone double dip S&P 500: -9.9%
- 5 2015 (Aug.) Global slowdown, China, Fed S&P 500: -12.4%
- 6 2016 (Feb.) Oil crash, US recession fear, China S&P 500: -10.5%
- 7 2018 (Feb.) Inflation, trade, tech S&P 500 : -10.2%
- 8 2018 (Dec.) Interest rate hike, trade tension, global slowdown S&P 500: -10.5%
- 9 2020 (Mar.) Coronavirus, S&P 500 : -23.7%

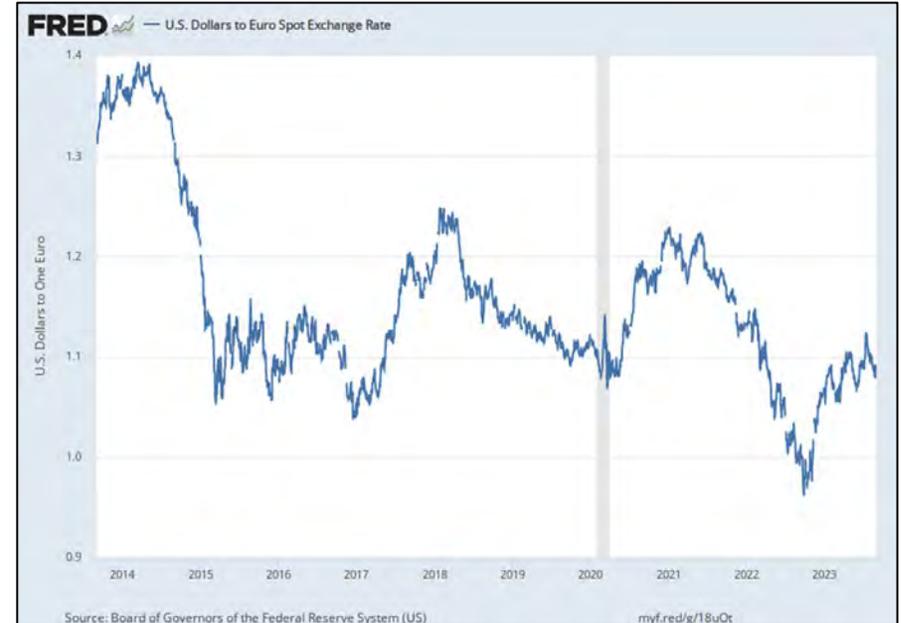
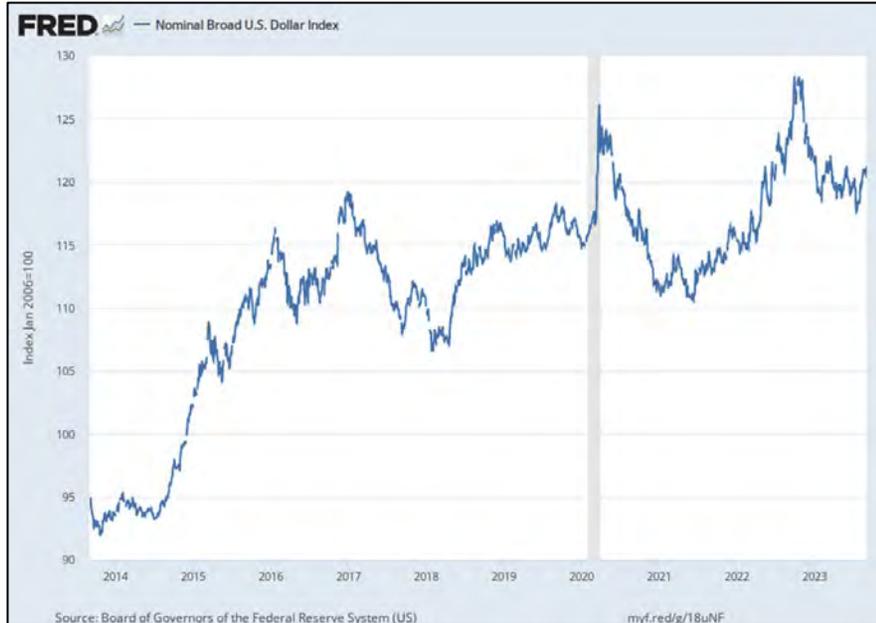


**MARKETS** Fixed Income





# MARKETS Foreign Exchange



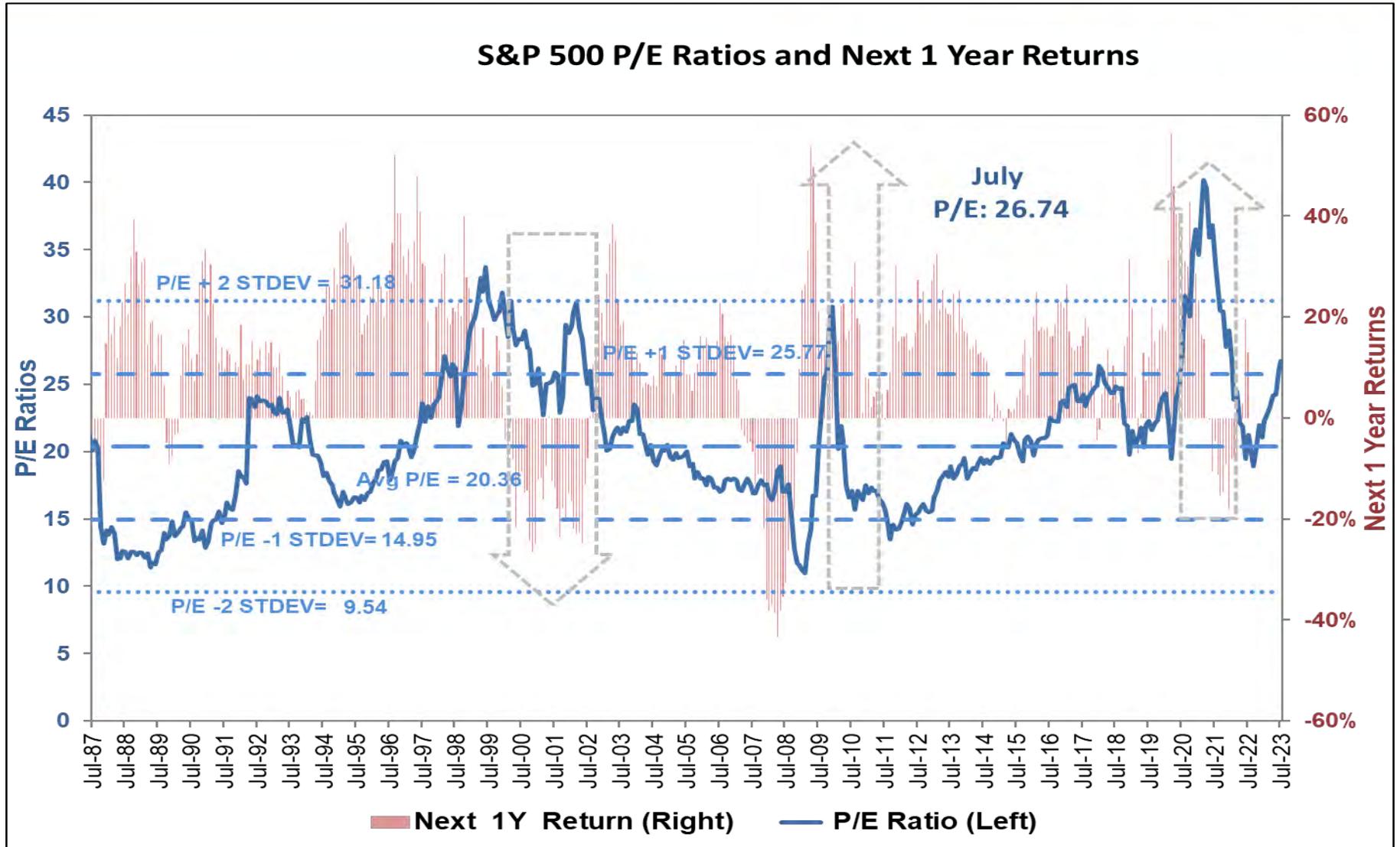
Date	Nominal Broad U.S. Dollar Index January 2006=100
June-20	120.86
June-21	112.85
June-22	121.05
June-23	119.89
August-23	120.74

Date	U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro
June-20	1.12
June-21	1.18
June-22	1.05
June-23	1.09
August-23	1.08



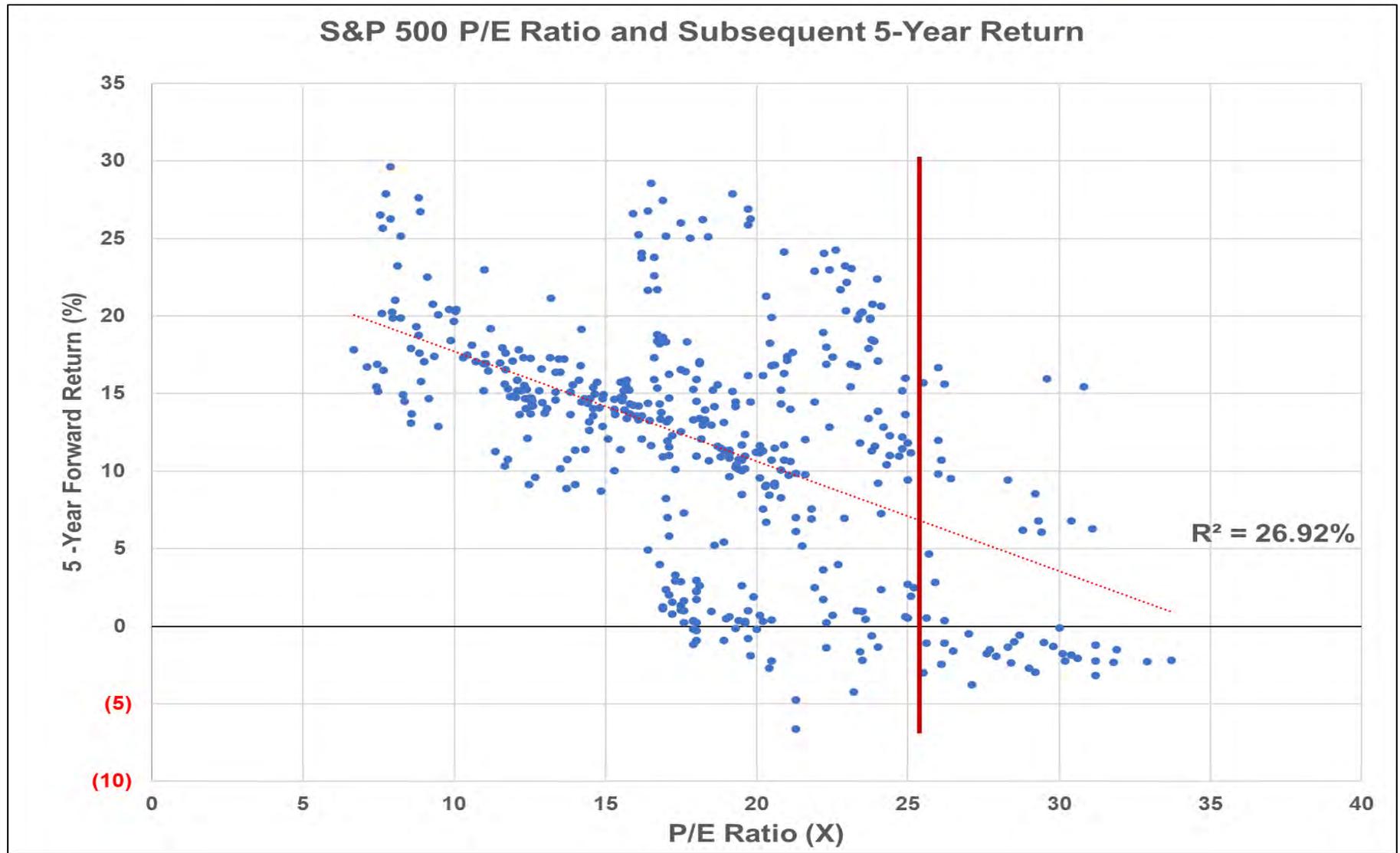
**VALUATION**

**US Equity**



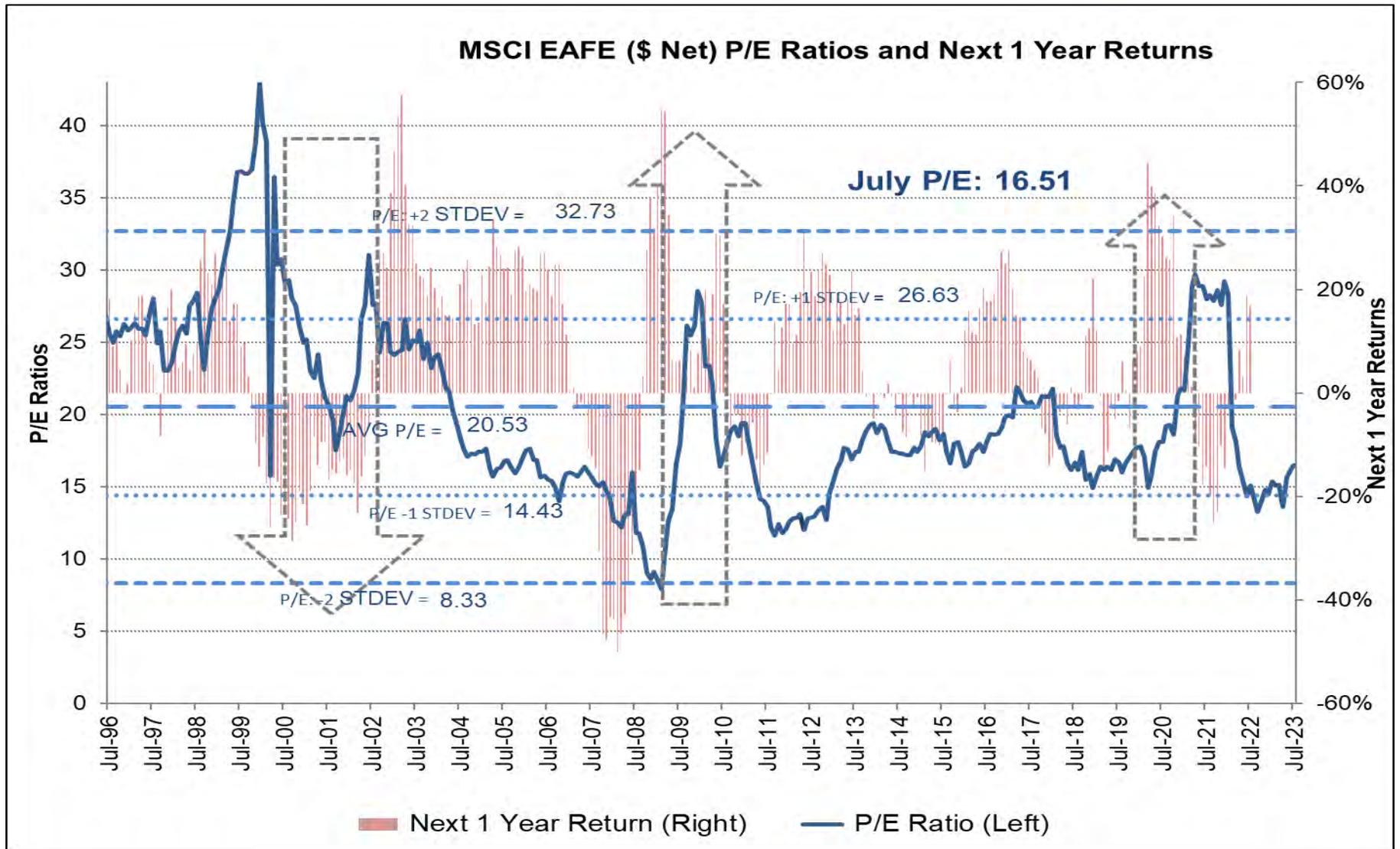


**VALUATION** **US Equity**



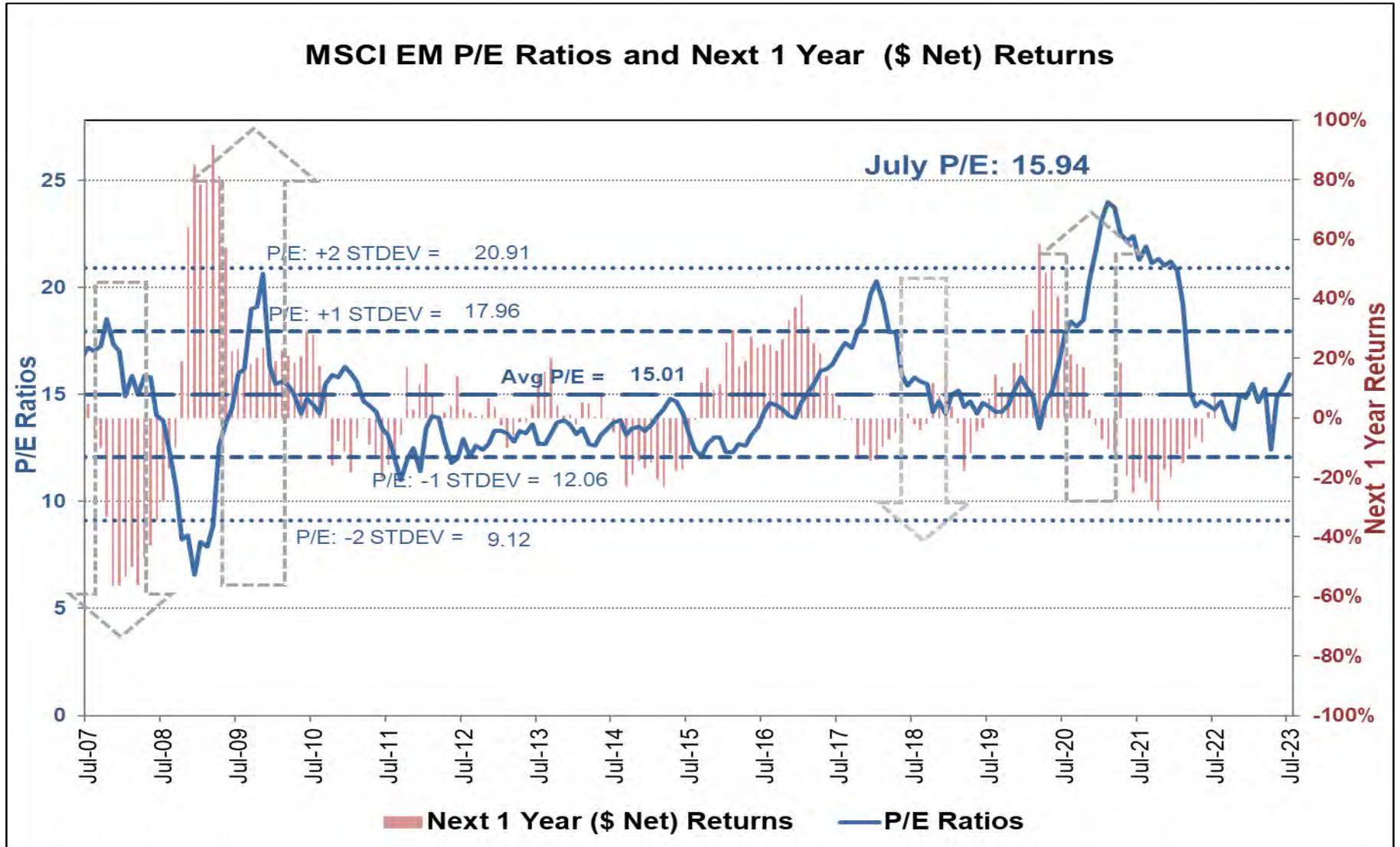


# VALUATION Non US Developed Market Equity



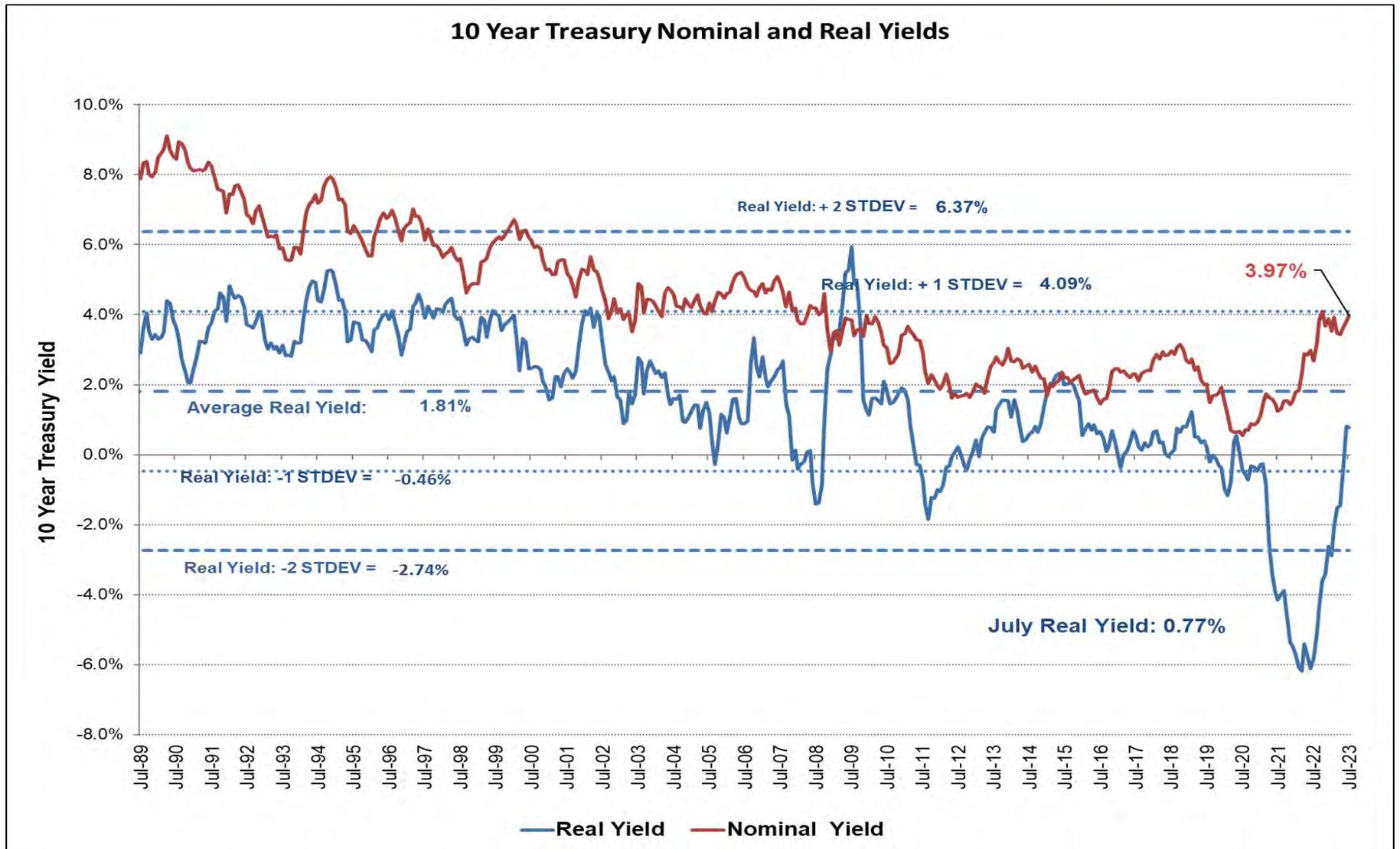


# VALUATION Emerging Market Equity





**VALUATION** US Treasury Bonds



Sources: Wilshire Compass and U.S. Bureau of Labor Statistics



# SERS' Investment Portfolios Review

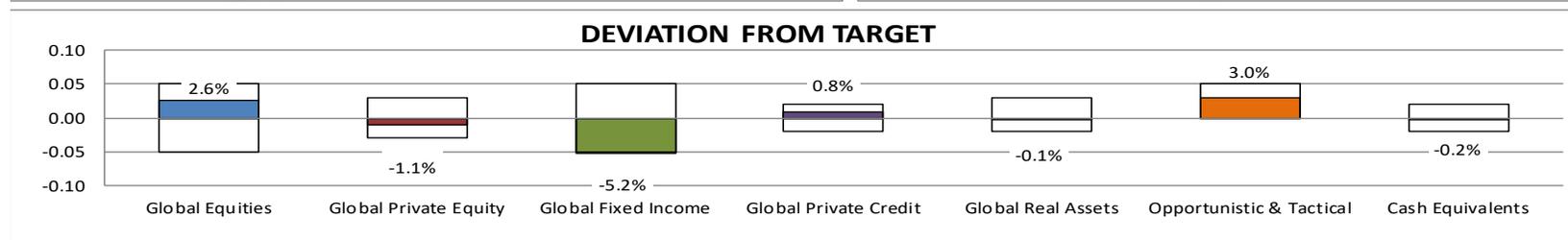
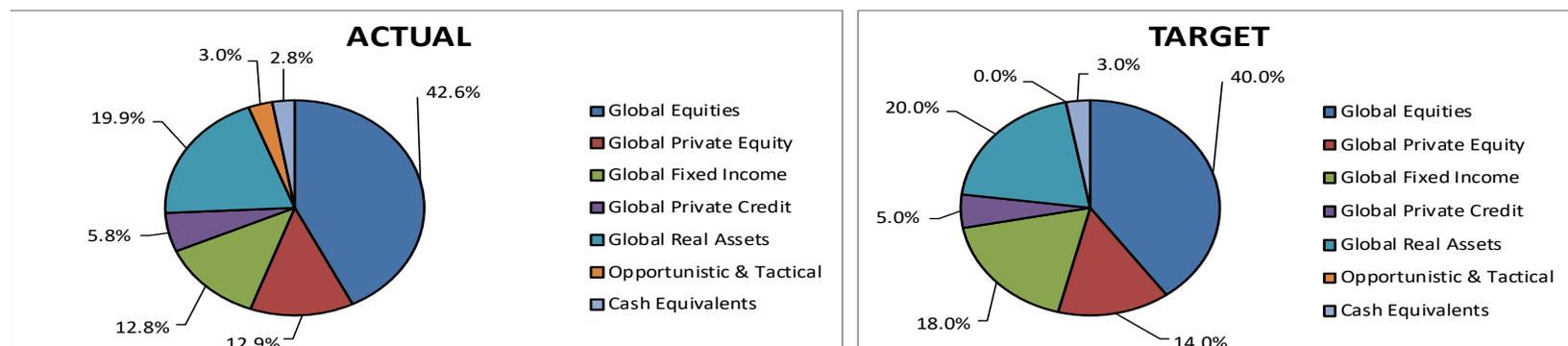
Investment Report | Month Ending: 07/31/2023



# Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
<b>Global Equities</b>	<b>7,692,630,335</b>	<b>42.6%</b>	<b>40.0%</b>	35% - 45%
<b>Global Private Equity</b>	<b>2,330,212,273</b>	<b>12.9%</b>	<b>14.0%</b>	11% - 17%
<b>Global Fixed Income</b>	<b>2,316,938,195</b>	<b>12.8%</b>	<b>18.0%</b>	13% - 23%
<b>Global Private Credit</b>	<b>1,054,108,850</b>	<b>5.8%</b>	<b>5.0%</b>	3% - 7%
<b>Global Real Assets</b>	<b>3,598,815,449</b>	<b>19.9%</b>	<b>20.0%</b>	17% - 22%
<b>Opportunistic &amp; Tactical</b>	<b>544,577,888</b>	<b>3.0%</b>	<b>0.0%</b>	0% - 5%
<b>Cash Equivalents</b>	<b>502,596,538</b>	<b>2.8%</b>	<b>3.0%</b>	1% - 5%
Short-Term	466,652,953	2.6%	2.0%	
Russell EA Overlay	18,225,433	0.1%	0.0%	
Aegis - Alpha Overlay	1	0.0%	0.0%	
Direct Rebalance Overlay	0	0.0%	0.0%	
Transition / Operational Account	1,651,873	0.0%	0.0%	
Currency Overlay	16,066,278	0.1%	0.0%	
<b>Total Fund</b>	<b>18,039,879,529</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: BNY Mellon GRS

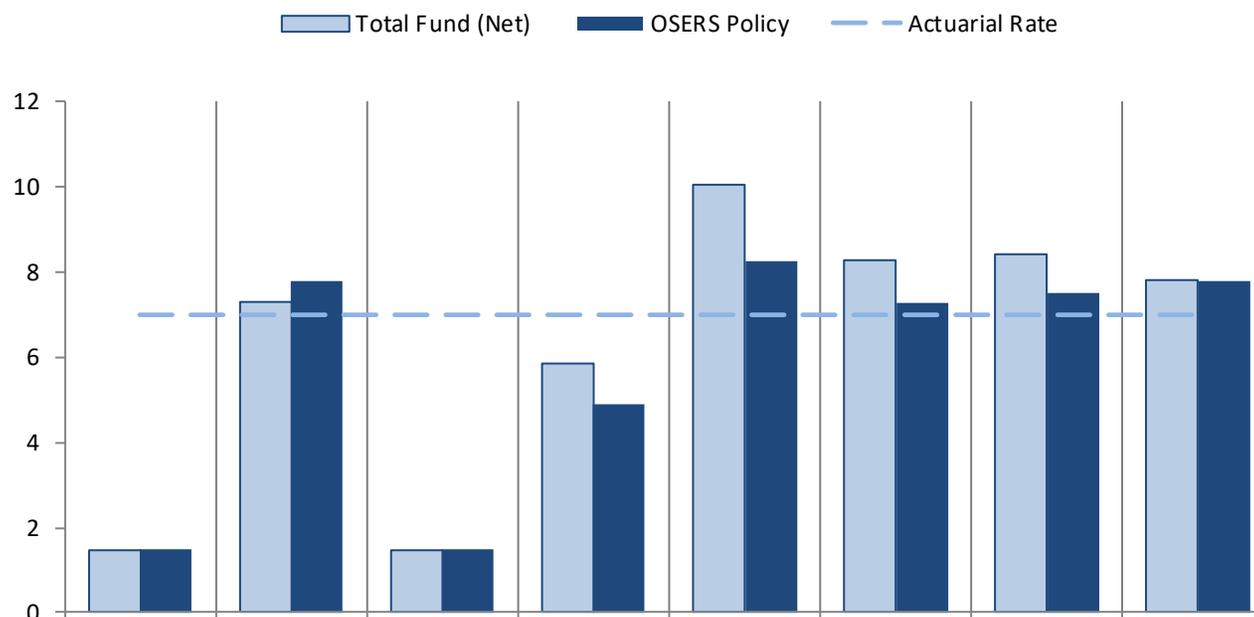




# Total Fund Performance

## Current Benchmark:

- 40% MSCI ACWI (Net Dividends)
- 14.00% Burgiss All Private Equity benchmark (1q lag) (BAPE)
- 18.00% Bloomberg Aggregate Bond
- 20.00% NCREIF Property (1q lag)
- 5.00% 90 Day T-Bill (1q lag) + 4.5%
- 3.00% FTSE 30 Day T-Bill



### Actuarial Rate

(7.0% effective 7/1/21, adopted 4/15/21)

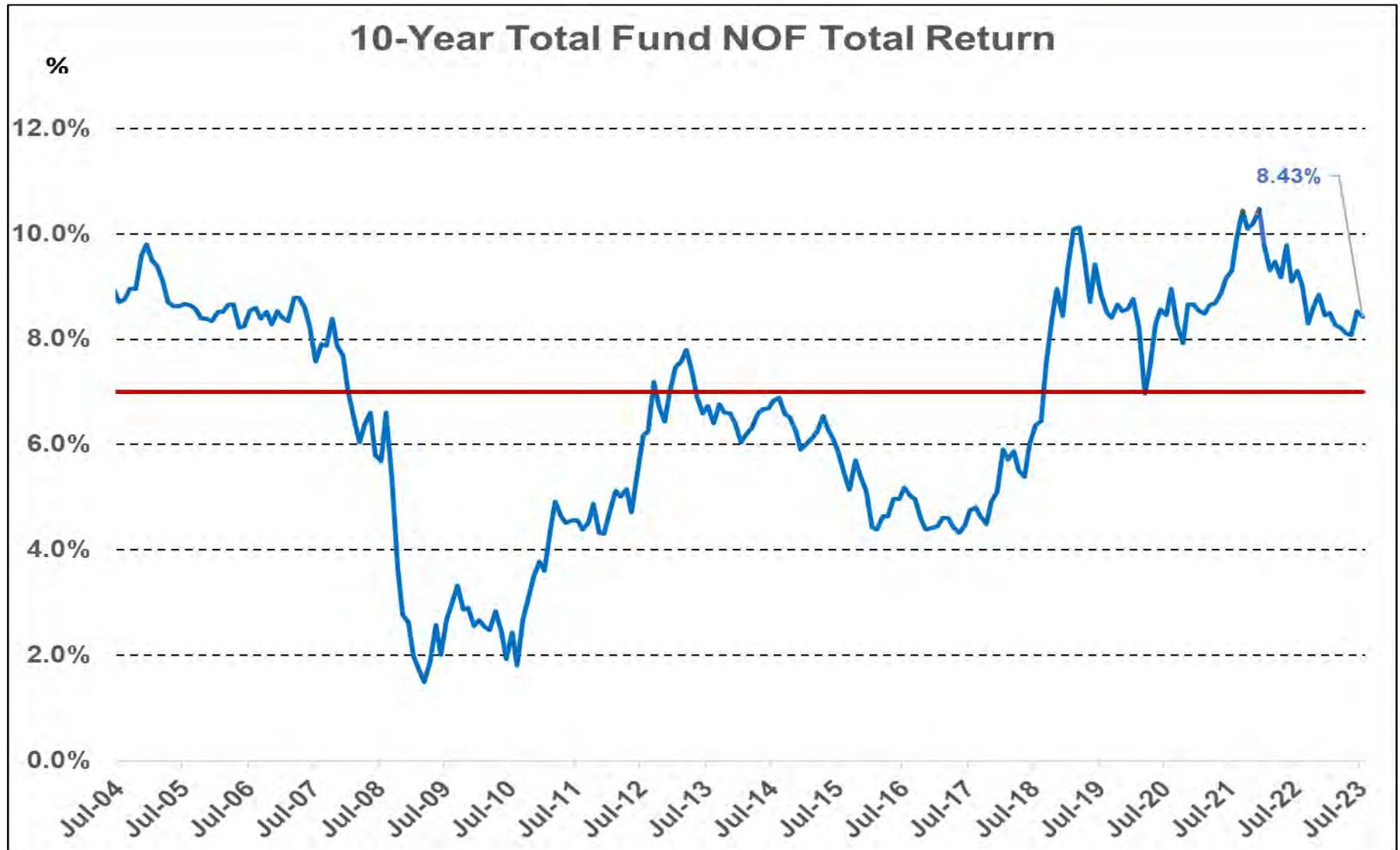
	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	1.47	7.62	1.47	6.57	10.74	8.96	9.11	8.38
Total Fund (Net)	1.46	7.27	1.46	5.84	10.04	8.28	8.43	7.85
OSERS Policy	1.50	7.79	1.50	4.89	8.23	7.24	7.51	7.80
Value Added (Net of Fee)	(0.04)	(0.52)	(0.04)	0.95	1.81	1.04	0.92	0.05

Source: BNY Mellon GRS

\*ITD is Inception date 10/1/1994 (28 years and 10 months)

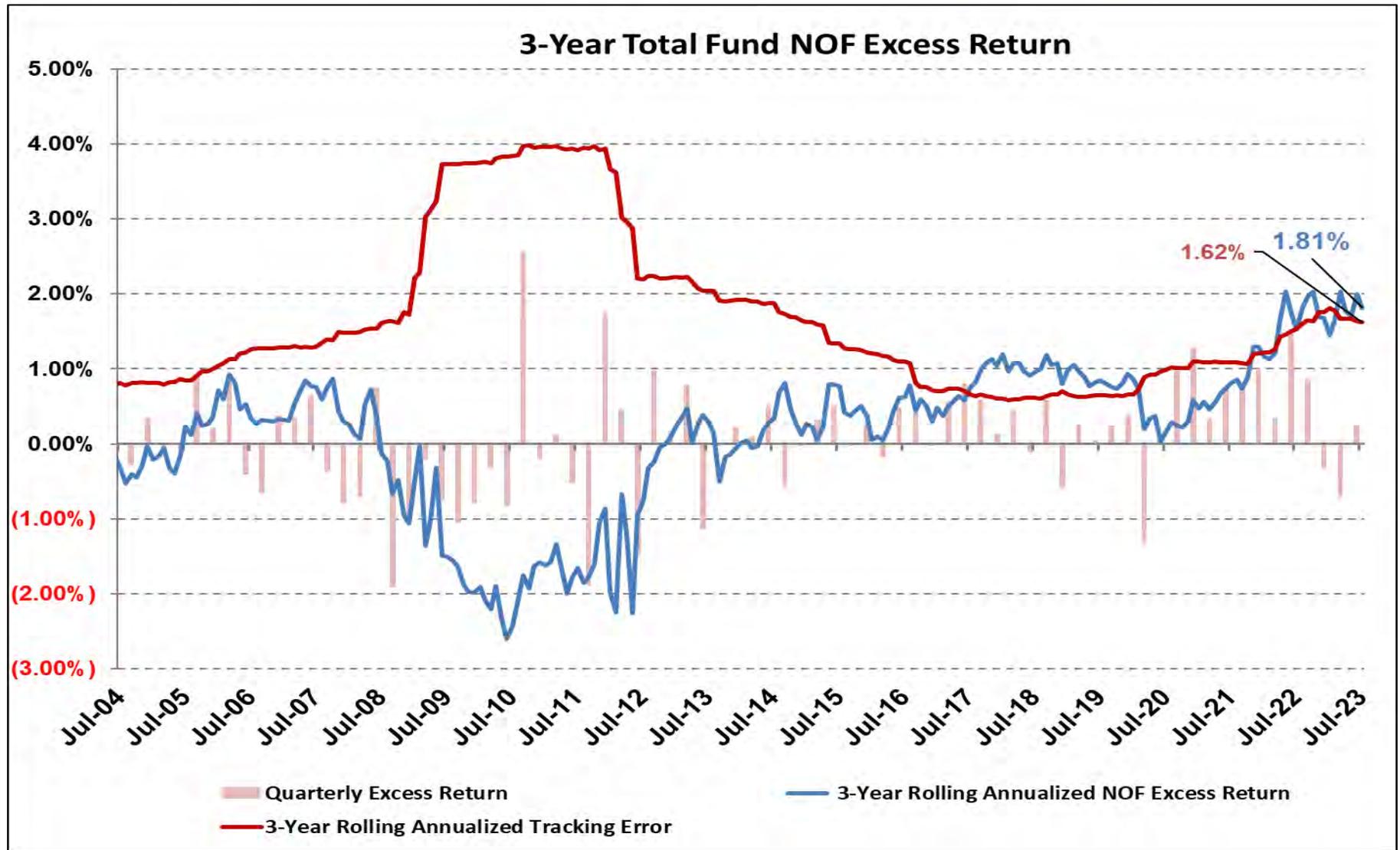


# Total Fund Performance



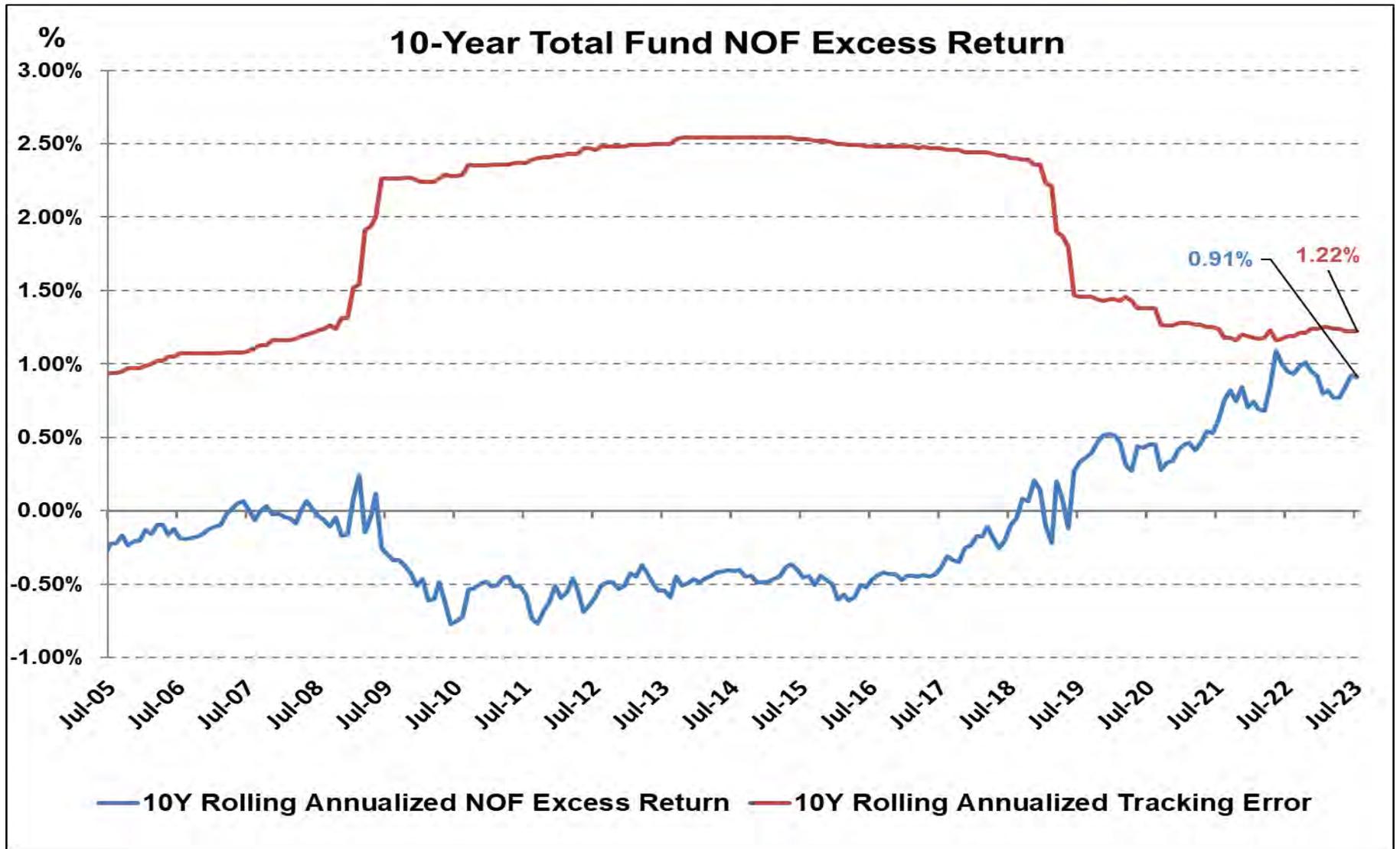


# Total Fund Performance



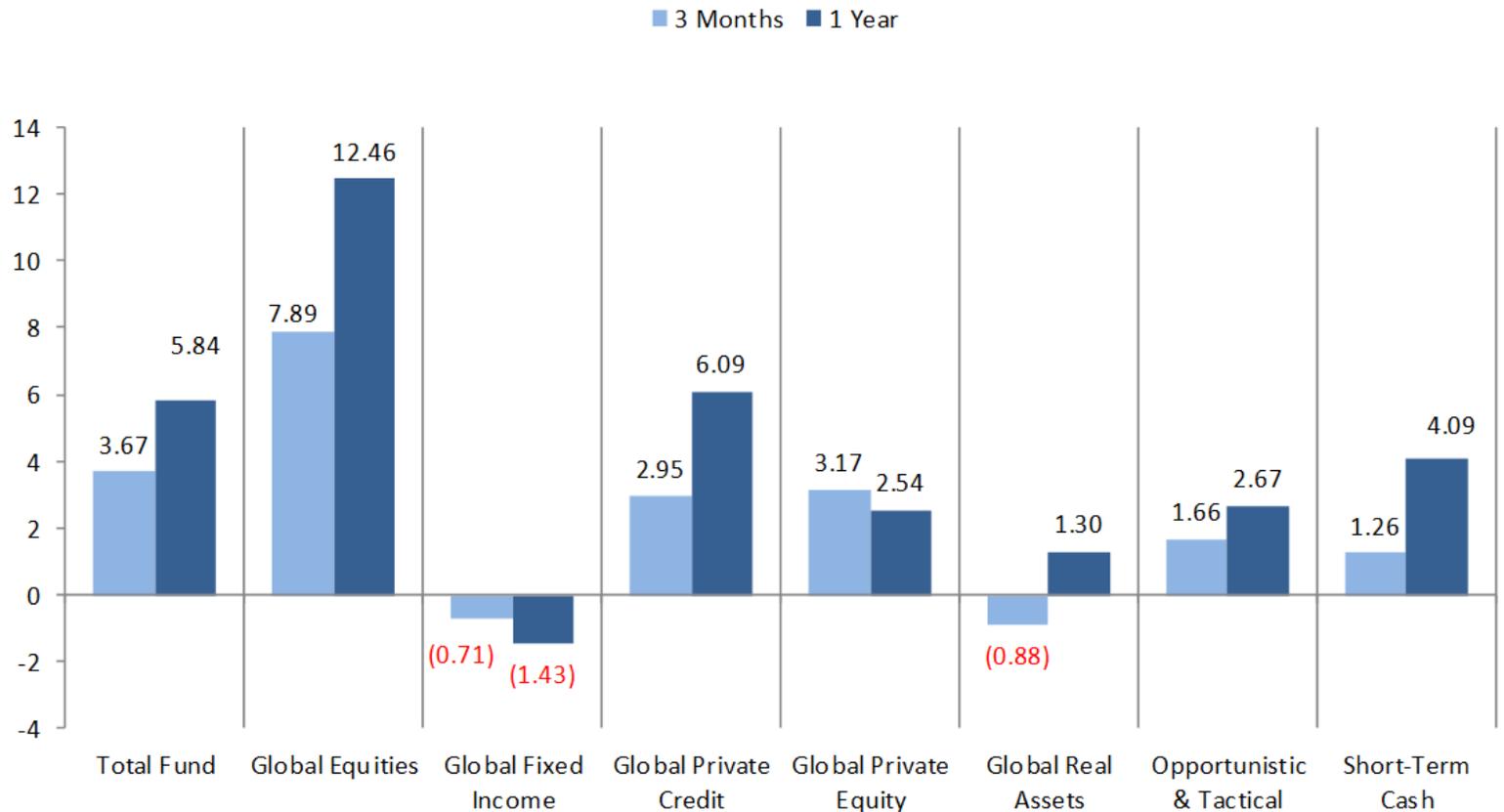


# Total Fund Performance





# Total Fund and Asset Class Performance (Net)

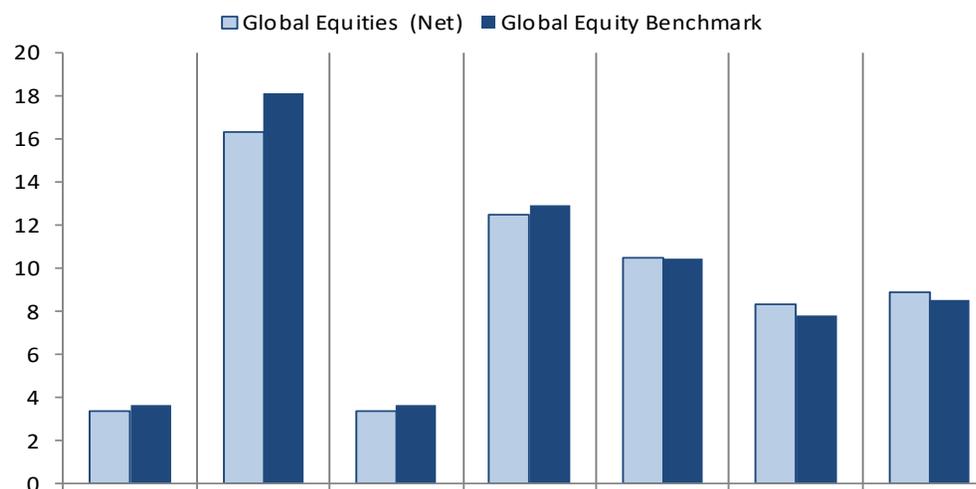


Source: BNY Mellon GRS



# Global Equities Performance

**Current Benchmark:**  
MSCI ACWI (Net Dividends)



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	3.39	16.54	3.39	12.76	10.78	8.62	9.22
Global Equities (Net)	3.37	16.35	3.37	12.46	10.46	8.30	8.88
Global Equity Benchmark	3.66	18.11	3.66	12.91	10.47	7.85	8.50
Value Added (Net of Fee)	(0.29)	(1.76)	(0.29)	(0.45)	(0.01)	0.45	0.38
Regional US Equity	3.42	17.80	3.42	11.03	11.96	10.79	11.69
Russell 3000 Index	3.58	20.33	3.58	12.65	13.13	11.45	12.14
Value Added (Net of Fee)	(0.16)	(2.53)	(0.16)	(1.62)	(1.17)	(0.66)	(0.45)
Regional Non-US Equity	3.61	14.01	3.61	13.07	8.38	5.36	5.88
Custom Non-US Equity BM	4.07	13.92	4.07	13.42	6.99	3.80	4.62
Value Added (Net of Fee)	(0.46)	0.09	(0.46)	(0.35)	1.39	1.56	1.26

Source: BNY Mellon GRS

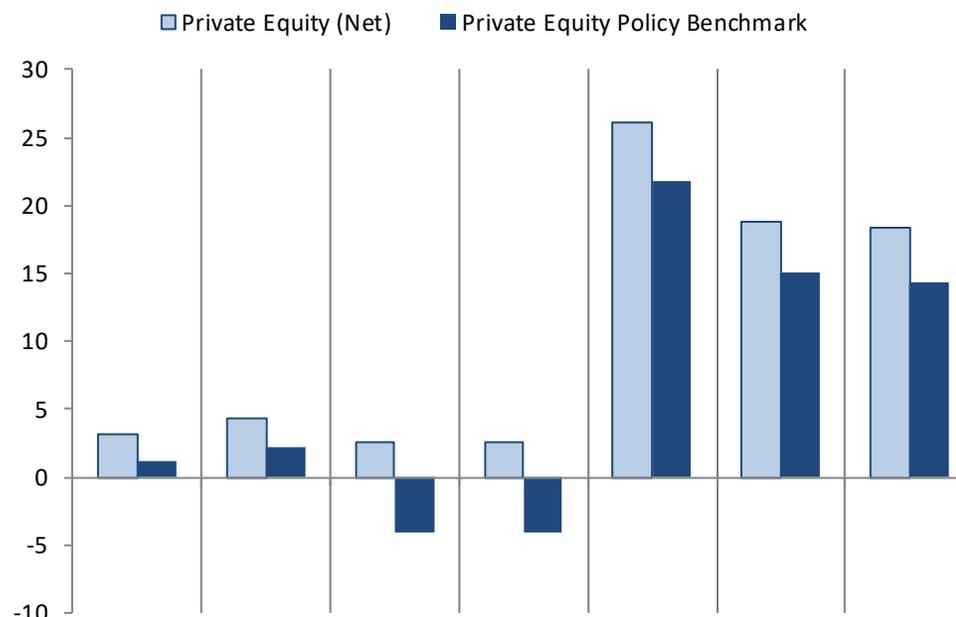


# Global Private Equity Performance

**Results as of: 06/30/2023**

**Current Benchmark:**

*Burgiss All Private Equity Index*



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	3.48	5.10	4.21	4.21	28.14	20.64	20.06
Private Equity (Net)	3.17	4.36	2.54	2.54	26.17	18.86	18.37
Private Equity Policy Benchmark	1.15	2.18	(4.03)	(4.03)	21.74	15.05	14.32
Value Added (Net of Fee)	2.02	2.18	6.57	6.57	4.43	3.81	4.05

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

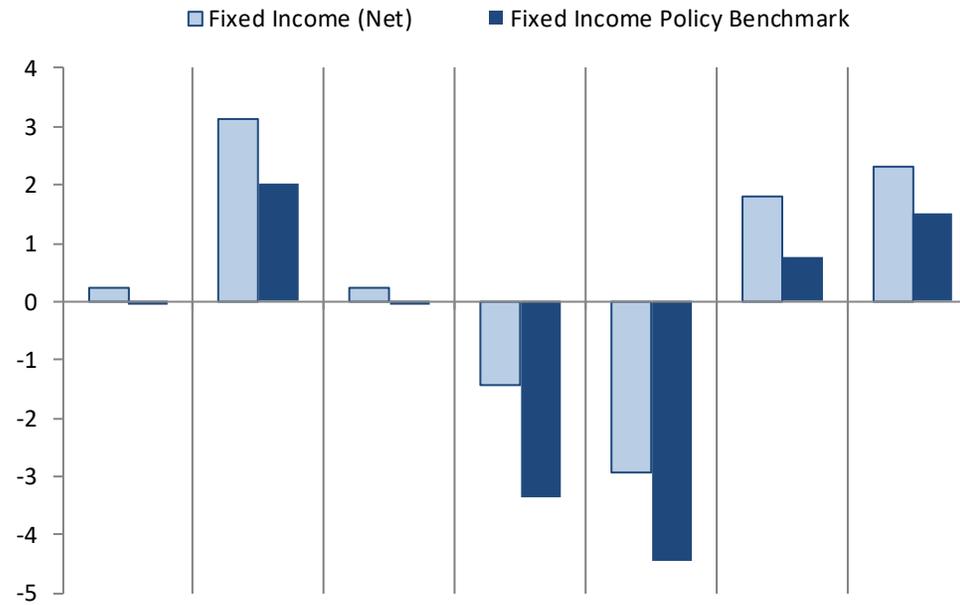
Global Private Equity performance is reported one quarter in arrears.



# Global Fixed Income Performance

**Current Benchmark:**

*Bloomberg Aggregate Bond Index*



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	0.24	3.28	0.24	(1.17)	(2.66)	2.04	2.54
Fixed Income (Net)	0.22	3.13	0.22	(1.43)	(2.93)	1.80	2.30
Fixed Income Policy Benchmark	(0.07)	2.02	(0.07)	(3.37)	(4.46)	0.75	1.50
Value Added (Net of Fee)	0.29	1.11	0.29	1.94	1.53	1.05	0.80

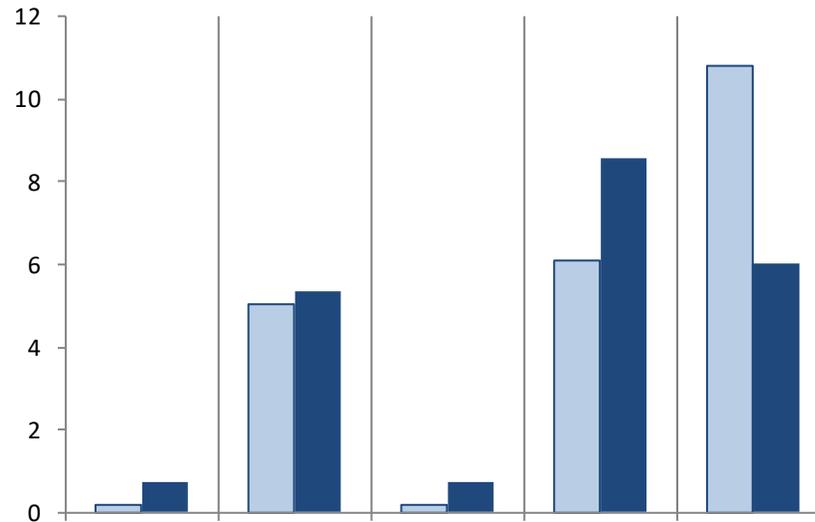
Source: BNY Mellon GRS



# Global Private Credit Performance

Global Private Credit (Net)    Global Private Credit Policy Benchmark

**Current Benchmark:**  
90 Day T-Bill (1q lag) + 4.5%



	1 Month	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	0.17	5.89	0.17	7.69	12.37
Global Private Credit (Net)	0.17	5.06	0.17	6.09	10.79
Global Private Credit Policy Benchmark	0.75	5.35	0.75	8.55	6.02
Value Added (Net of Fee)	(0.58)	(0.28)	(0.58)	(2.46)	4.77

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

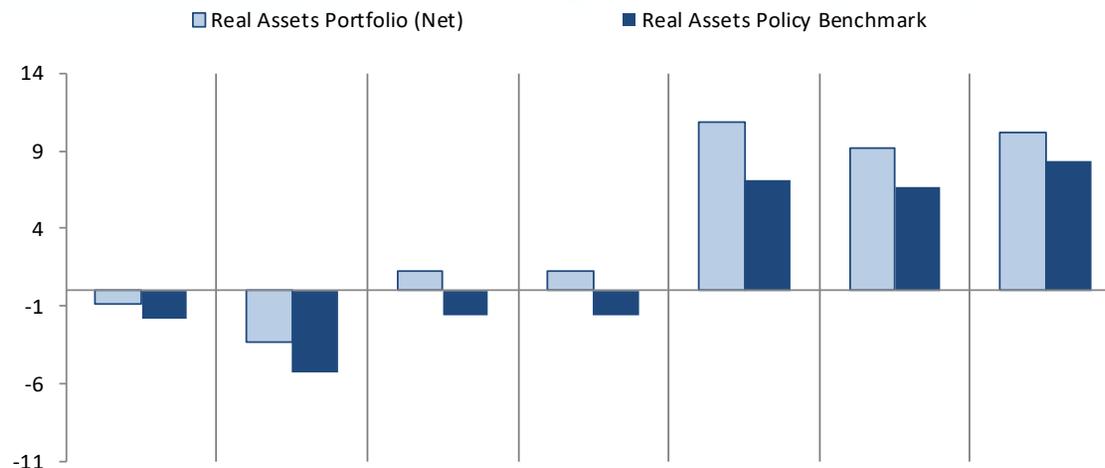


# Global Real Assets Performance

Results as of: 06/30/2023

**Current Benchmark:**

NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	(0.66)	(2.87)	2.17	2.17	11.76	10.12	11.27
Real Assets Portfolio (Net)	(0.88)	(3.28)	1.30	1.30	10.82	9.17	10.23
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	8.34
Real Assets Value Added (NOF)	0.93	1.97	2.93	2.93	3.67	2.46	1.88
Real Assets Core (Net)	(2.73)	(7.44)	(1.13)	(1.13)	11.17	9.64	10.17
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	8.34
Real Assets Core Value Added (NOF)	(0.92)	(2.19)	0.50	0.50	4.02	2.93	1.83
Real Assets Non-Core (Net)	(0.46)	(1.87)	(4.44)	(4.44)	5.87	6.58	9.43
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	8.34
Real Assets Non-Core Value Added (NOF)	1.35	3.38	(2.81)	(2.81)	(1.28)	(0.13)	1.09
Real Assets Infrastructure (Net)	2.74	5.36	8.36	8.36	12.45	9.96	n/a
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	n/a
Real Assets Infrastructure Value Added (NOF)	4.55	10.61	9.99	9.99	5.30	3.25	n/a

Source: BNY Mellon GRS

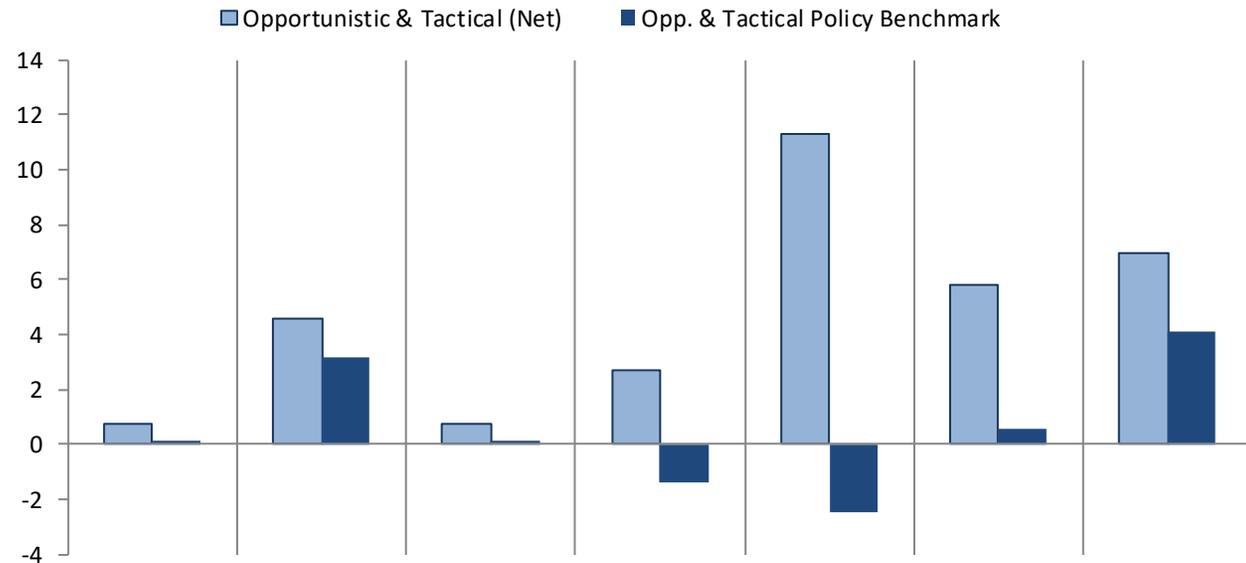
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.



# Opportunistic & Tactical Performance

**Current Benchmark:**  
 Bloomberg Aggregate  
 Bond Index + 2%



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Opportunistic & Tactical (Gross)	0.76	5.15	0.76	3.77	12.57	7.21	8.93
Opportunistic & Tactical (Net)	0.76	4.61	0.76	2.67	11.33	5.80	6.97
Opp. & Tactical Policy Benchmark	0.12	3.17	0.12	(1.37)	(2.46)	0.56	4.11
	0.64	1.44	0.64	4.04	13.79	5.24	2.86

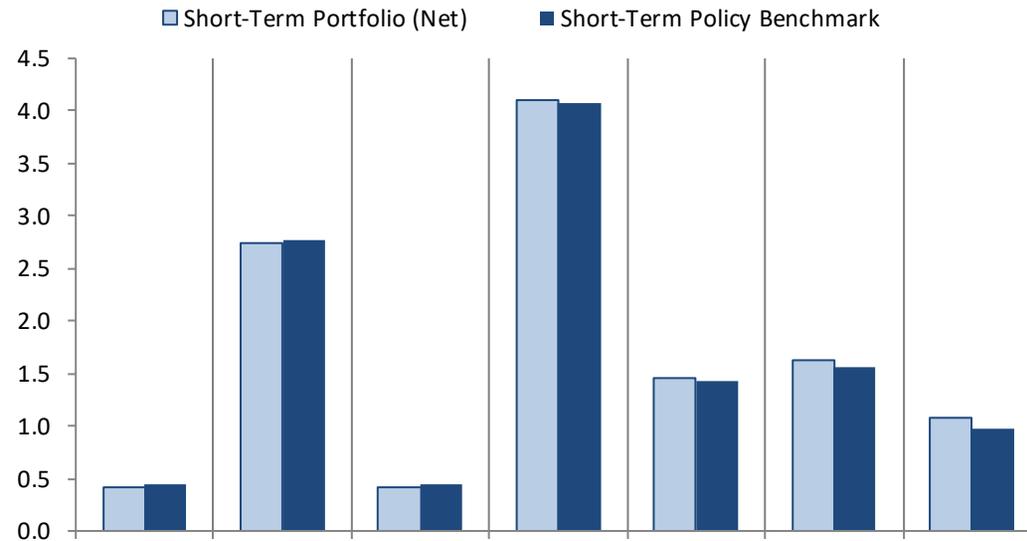
Source: BNY Mellon GRS



# Short-Term Performance

**Current Benchmark:**

*FTSE 30 Day Treasury Bill Index*

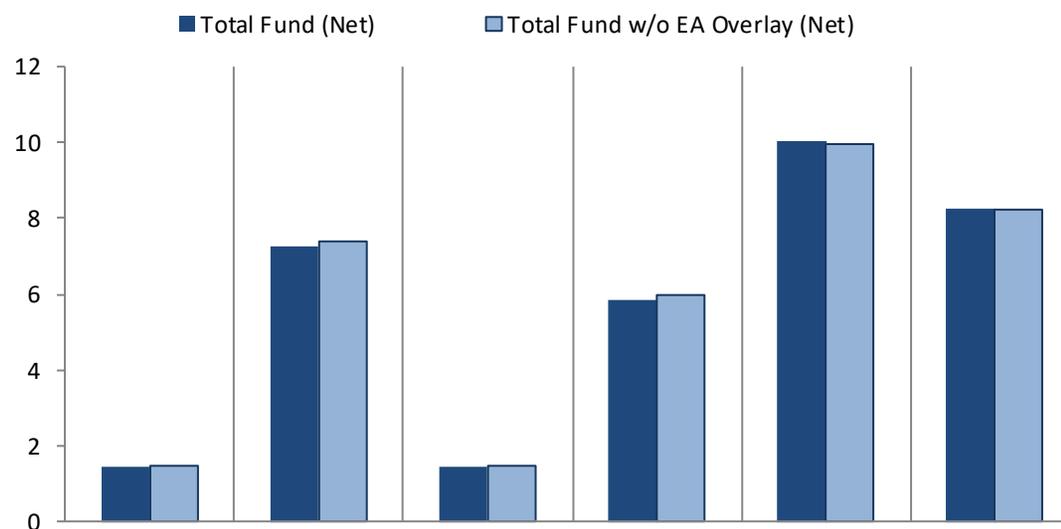


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	0.42	2.75	0.42	4.09	1.45	1.62	1.08
Short-Term Portfolio (Net)	0.42	2.75	0.42	4.09	1.45	1.62	1.08
Short-Term Policy Benchmark	0.44	2.77	0.44	4.07	1.44	1.56	0.98
Value Added (Net of Fee)	(0.02)	(0.02)	(0.02)	0.02	0.01	0.06	0.10

Source: BNY Mellon GRS



## Enhanced Asset Overlay Performance

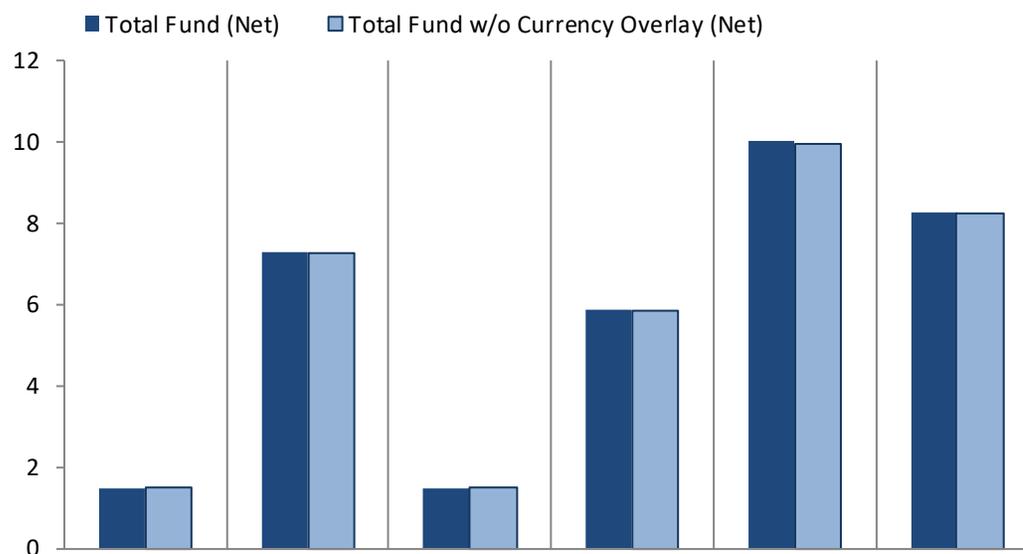


	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	1.47	7.62	1.47	6.57	10.74	8.96
Total Fund w/o EA Overlay (Gross)	1.53	7.73	1.53	6.69	10.67	8.92
Total Fund (Net)	1.46	7.27	1.46	5.84	10.04	8.28
Total Fund w/o EA Overlay (Net)	1.51	7.38	1.51	5.96	9.98	8.26
EA Overlay Impact (Net of Fee)	(0.05)	(0.11)	(0.05)	(0.12)	0.06	0.02

Source: BNY Mellon GRS



# Currency Overlay Performance



	1 Month	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	1.47	7.62	1.47	6.57	10.74	8.96
Total Fund w/o Currency Overlay (Gross)	1.51	7.60	1.51	6.55	10.61	8.89
Total Fund (Net)	1.46	7.27	1.46	5.84	10.04	8.28
Total Fund w/o Currency Overlay (Net)	1.49	7.25	1.49	5.86	9.94	8.24
Currency Overlay Impact (Net of Fee)	(0.03)	0.02	(0.03)	(0.02)	0.10	0.04

Source: BNY Mellon GRS



## Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review – Private Equity
- Monthly Investment Report (August 31, 2023)



# SERS' Investment Portfolios Review

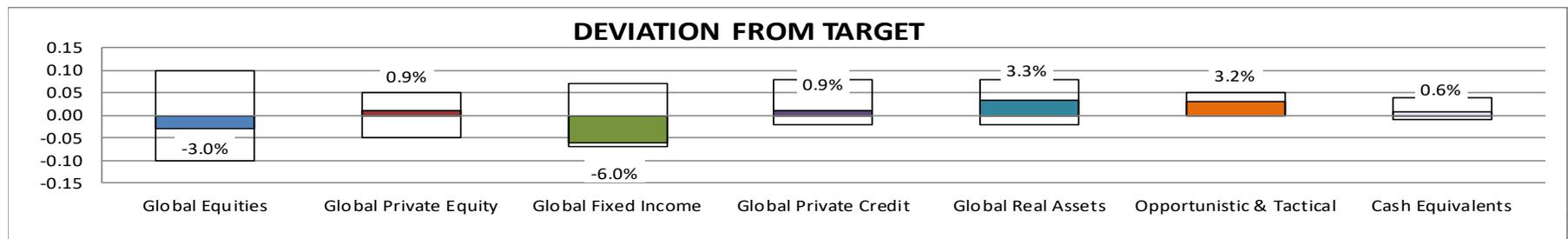
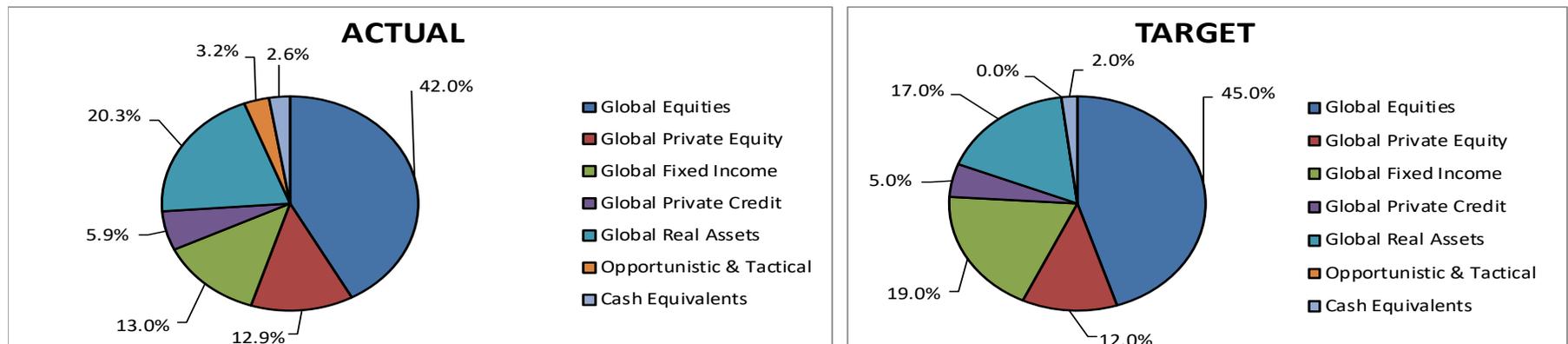
Investment Report | Month Ending: 06/30/2023



# Total Fund Asset Allocation

Asset Class	Market Value \$	Actual	Target	Range
<b>Global Equities</b>	<b>7,492,566,600</b>	<b>42.0%</b>	<b>45.0%</b>	35% - 55%
<b>Global Private Equity</b>	<b>2,304,317,158</b>	<b>12.9%</b>	<b>12.0%</b>	8% - 16%
<b>Global Fixed Income</b>	<b>2,317,636,099</b>	<b>13.0%</b>	<b>19.0%</b>	12% - 26%
<b>Global Private Credit</b>	<b>1,054,352,372</b>	<b>5.9%</b>	<b>5.0%</b>	3% - 7%
<b>Global Real Assets</b>	<b>3,628,641,192</b>	<b>20.3%</b>	<b>17.0%</b>	14% - 22%
<b>Opportunistic &amp; Tactical</b>	<b>567,618,376</b>	<b>3.2%</b>	<b>0.0%</b>	0% - 7%
<b>Cash Equivalents</b>	<b>469,695,119</b>	<b>2.6%</b>	<b>2.0%</b>	0% - 5%
Short-Term	438,529,436	2.5%	2.0%	
Russell EA Overlay	8,227,362	0.0%	0.0%	
Aegis - Alpha Overlay	1	0.0%	0.0%	
Direct Rebalance Overlay	0	0.0%	0.0%	
Transition / Operational Account	1,662,706	0.0%	0.0%	
Currency Overlay	21,275,614	0.1%	0.0%	
<b>Total Fund</b>	<b>17,834,826,917</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: BNY Mellon GRS





## Total Fund Change in Net Assets

### CHANGE IN NET ASSETS

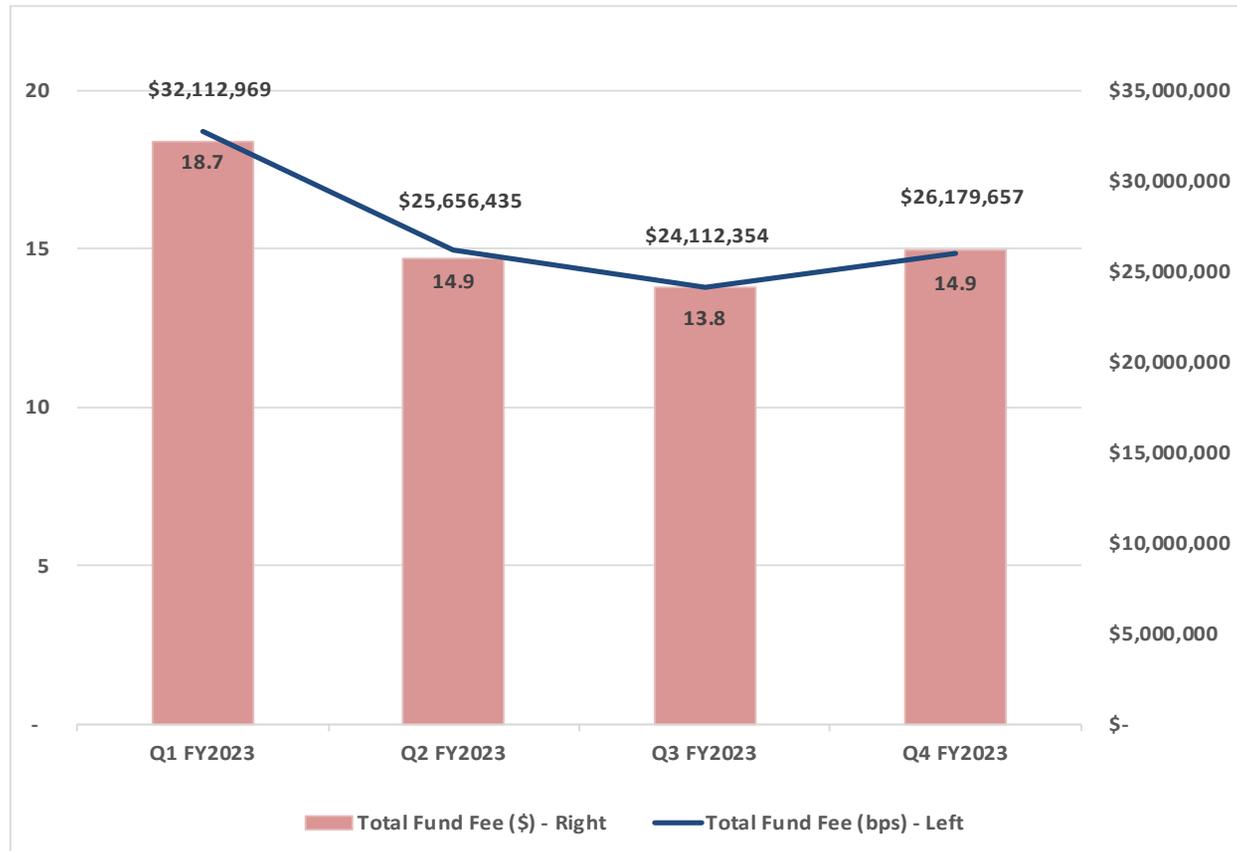
	<i>vs. One Year Ago, since 07/01/2022</i>	<i>vs. Three Years Ago, since 07/01/2020</i>
<b>Beginning Market Value</b>	17,120,399,717	14,542,909,405
<b>Gain/Loss</b>	1,333,179,011	5,258,895,265
<b>Expenses</b>	(93,751,811)	(261,977,753)
<b>Net Transfer</b>	(525,000,000)	(1,705,000,000)
<b>End of Period Market Value</b>	<b>17,834,826,917</b>	<b>17,834,826,917</b>

#### ***\*Sources of Net Transfer***

<i>Dividends/Interest</i>	<i>216,209,217</i>
<i>Net Distributions</i>	<i>308,790,783</i>
<i>Cash on Hand</i>	<i>Not Required</i>



# Total Fund Fees by Quarter

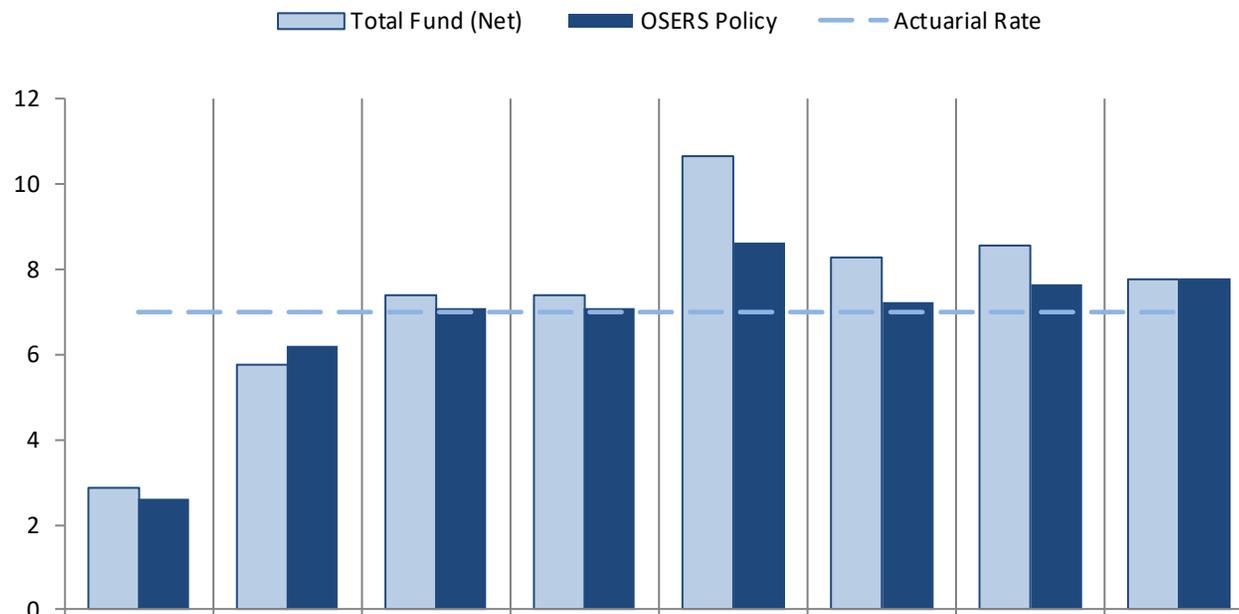




# Total Fund Performance

## Current Benchmark:

45% MSCI ACWI (Net Dividends)  
 12.00% Burgiss All Private Equity  
 benchmark (1q lag) (BAPE)  
 19.00% Bloomberg Aggregate Bond  
 17.00% NCREIF Property (1q lag)  
 5.00% 90 Day T-Bill + 4.5%  
 2.00% FTSE 30 Day T-Bill



## Actuarial Rate

(7.0% effective 7/1/21, adopted 4/15/21)

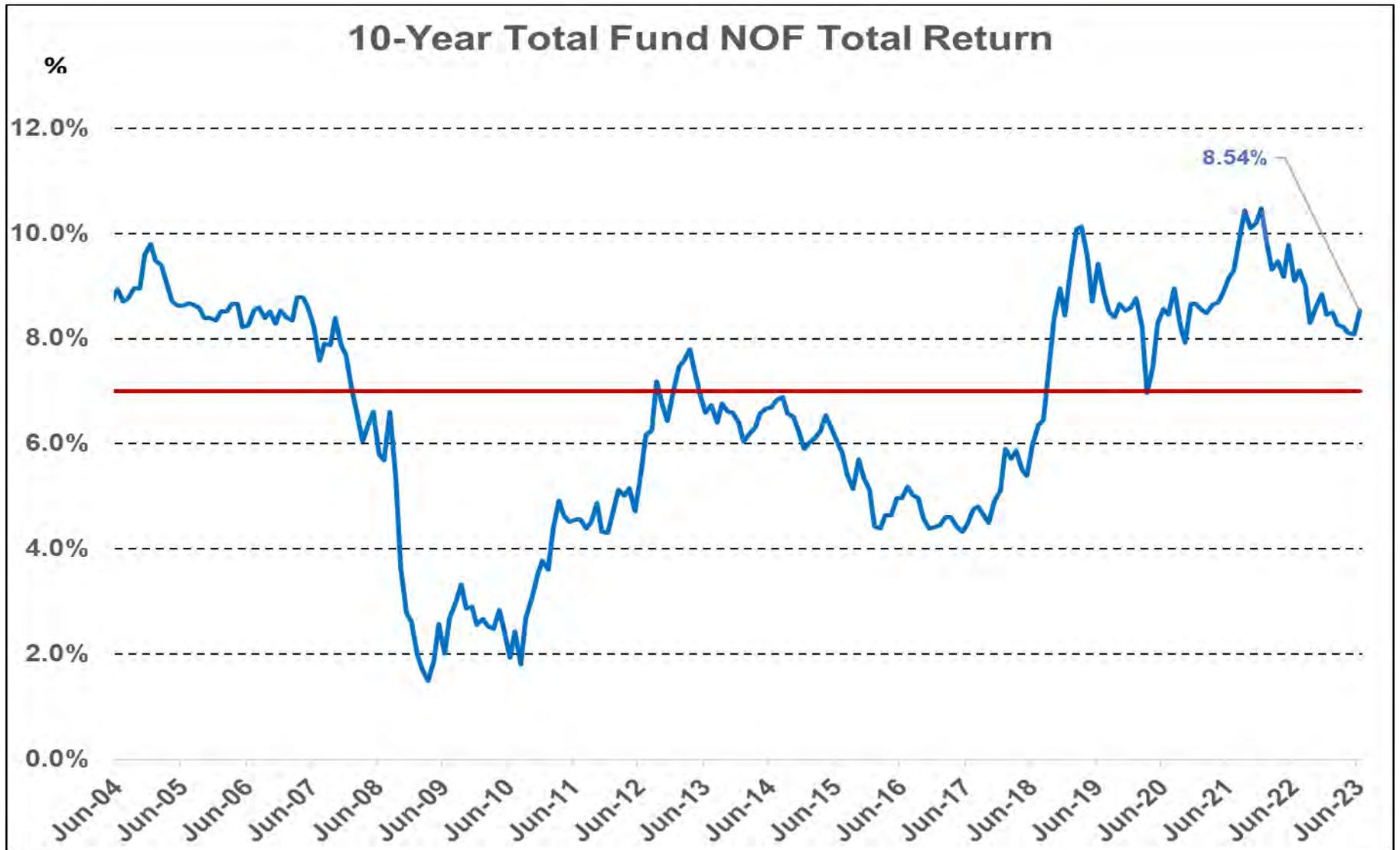
	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD*
Total Fund (Gross)	3.00	6.06	8.14	8.14	11.36	8.95	9.23	8.35
Total Fund (Net)	2.85	5.73	7.39	7.39	10.65	8.26	8.54	7.82
OSERS Policy	2.59	6.20	7.09	7.09	8.64	7.21	7.63	7.77
Value Added (Net of Fee)	0.26	(0.47)	0.30	0.30	2.01	1.05	0.91	0.05

Source: BNY Mellon GRS

\*ITD is Inception date 10/1/1994 (28 years and 9 months)

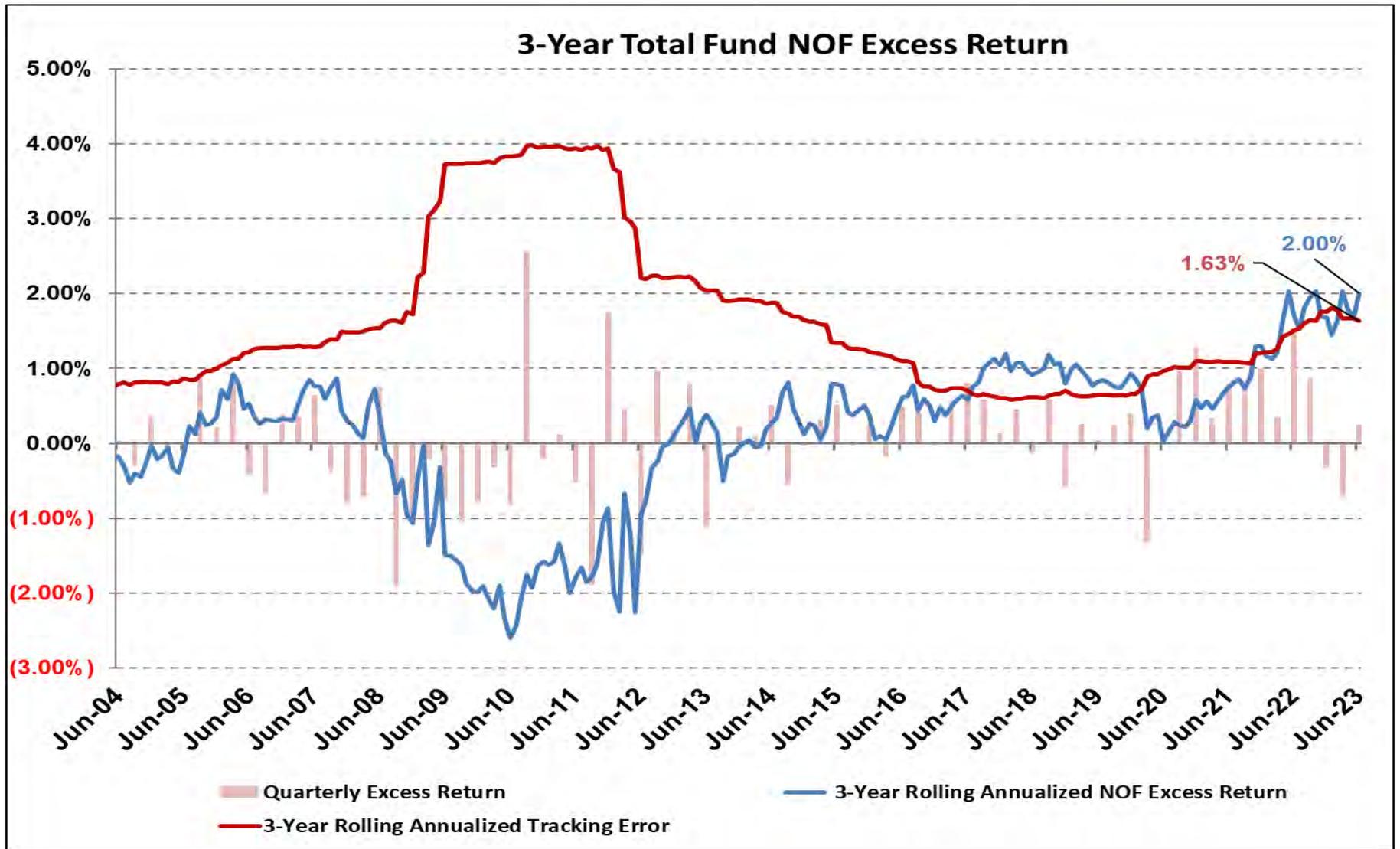


# Total Fund Performance



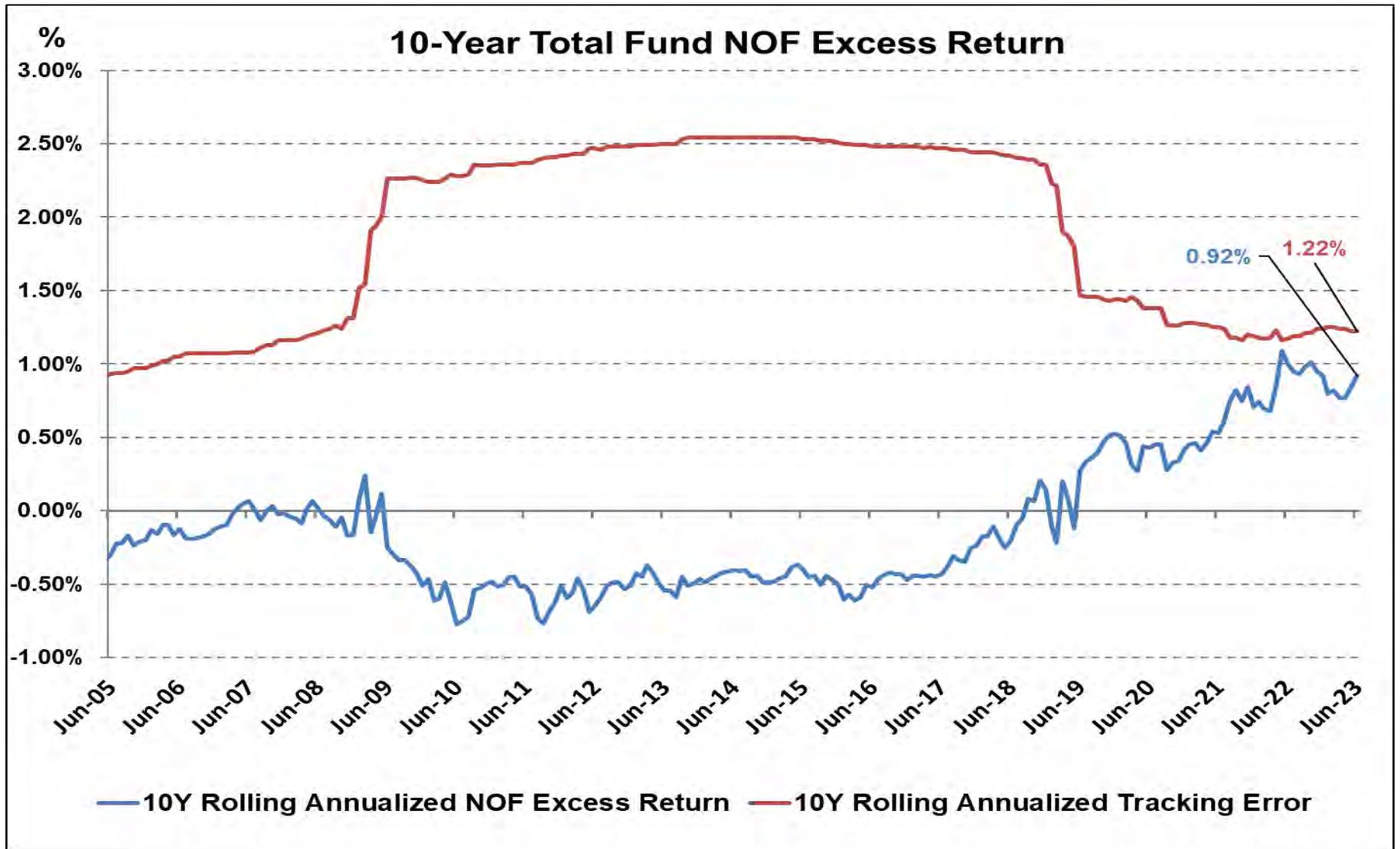


# Total Fund Performance



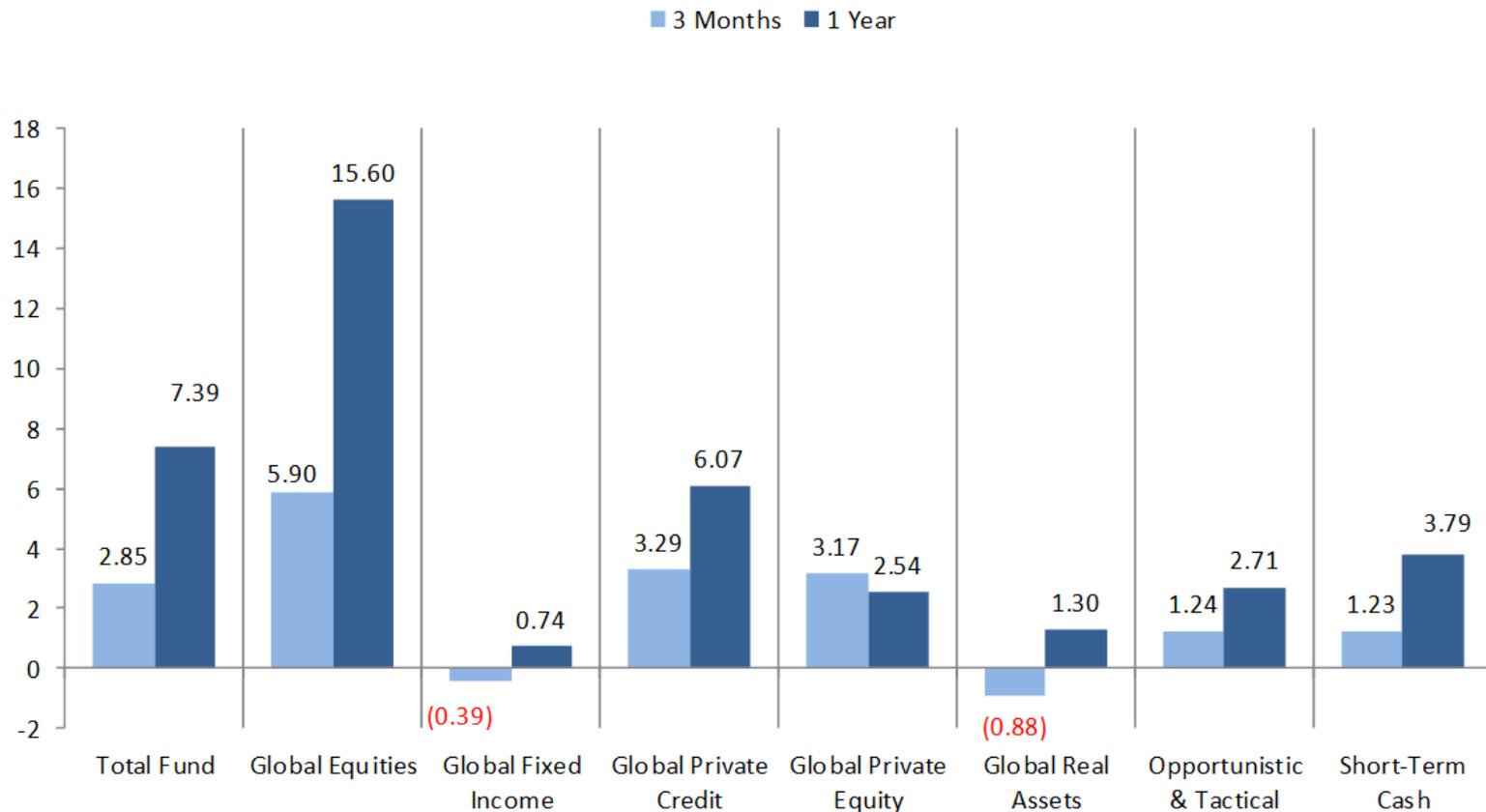


# Total Fund Performance





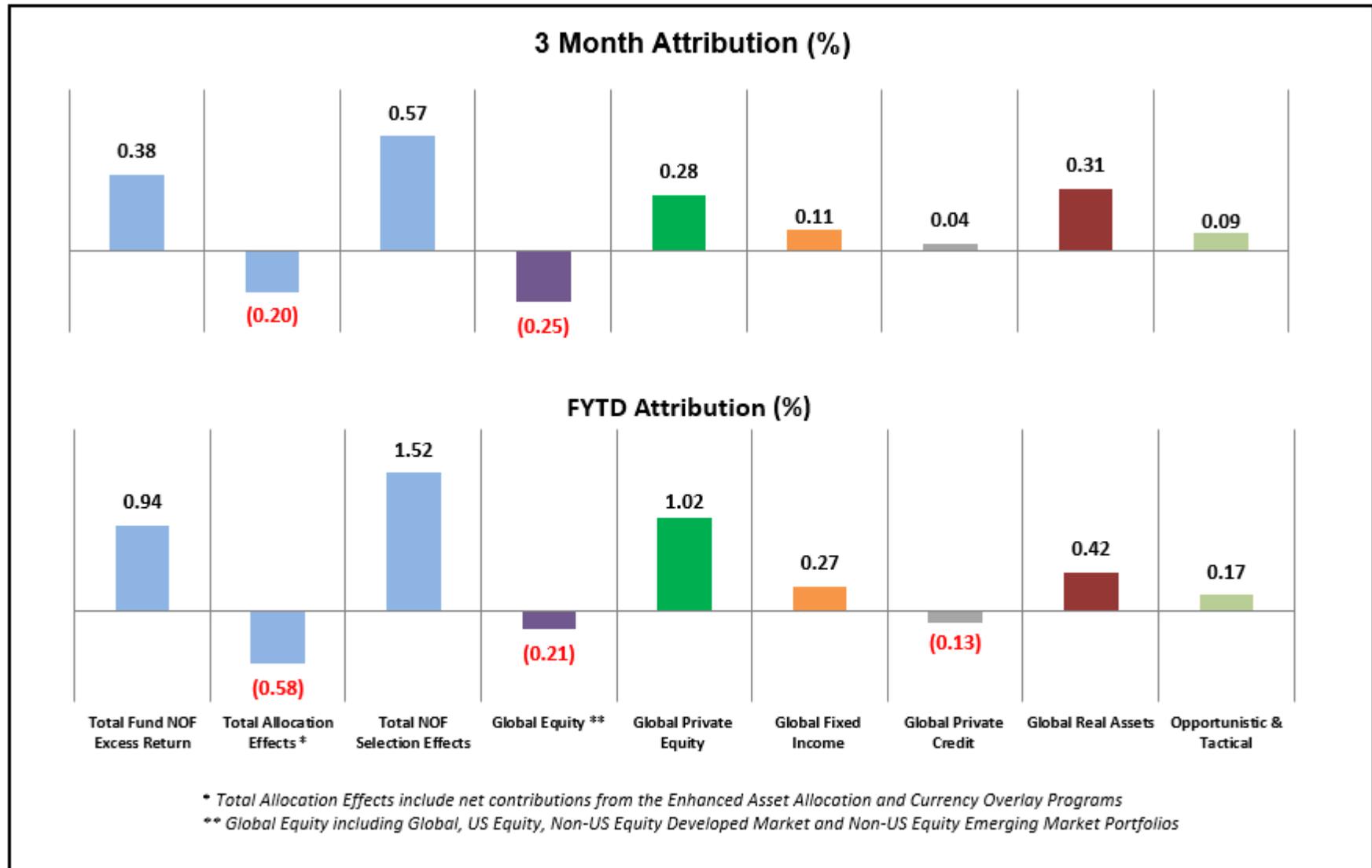
# Total Fund and Asset Class Performance (Net)



Source: BNY Mellon GRS

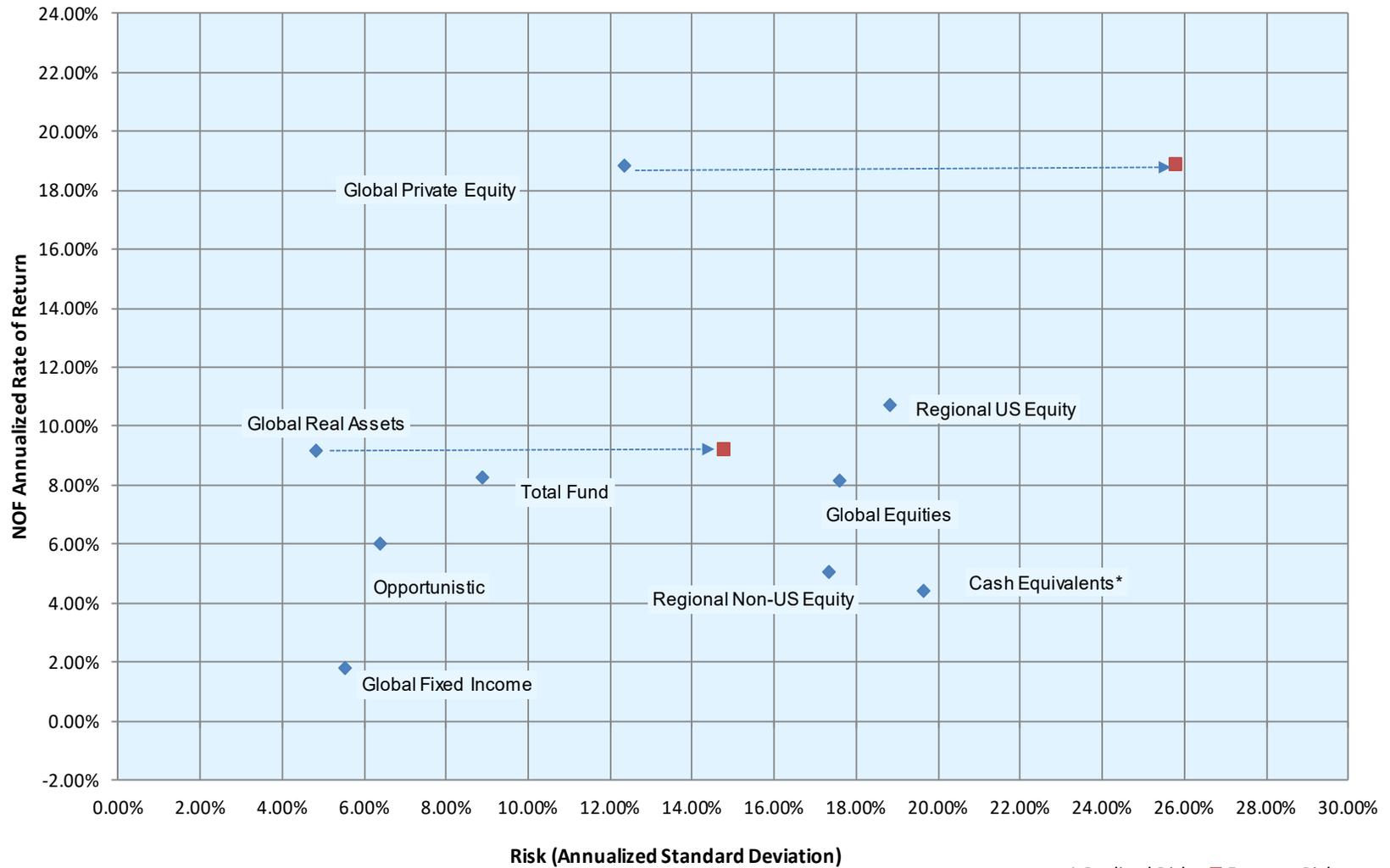


# Total Fund Attribution





# 5 Year Risk and Return

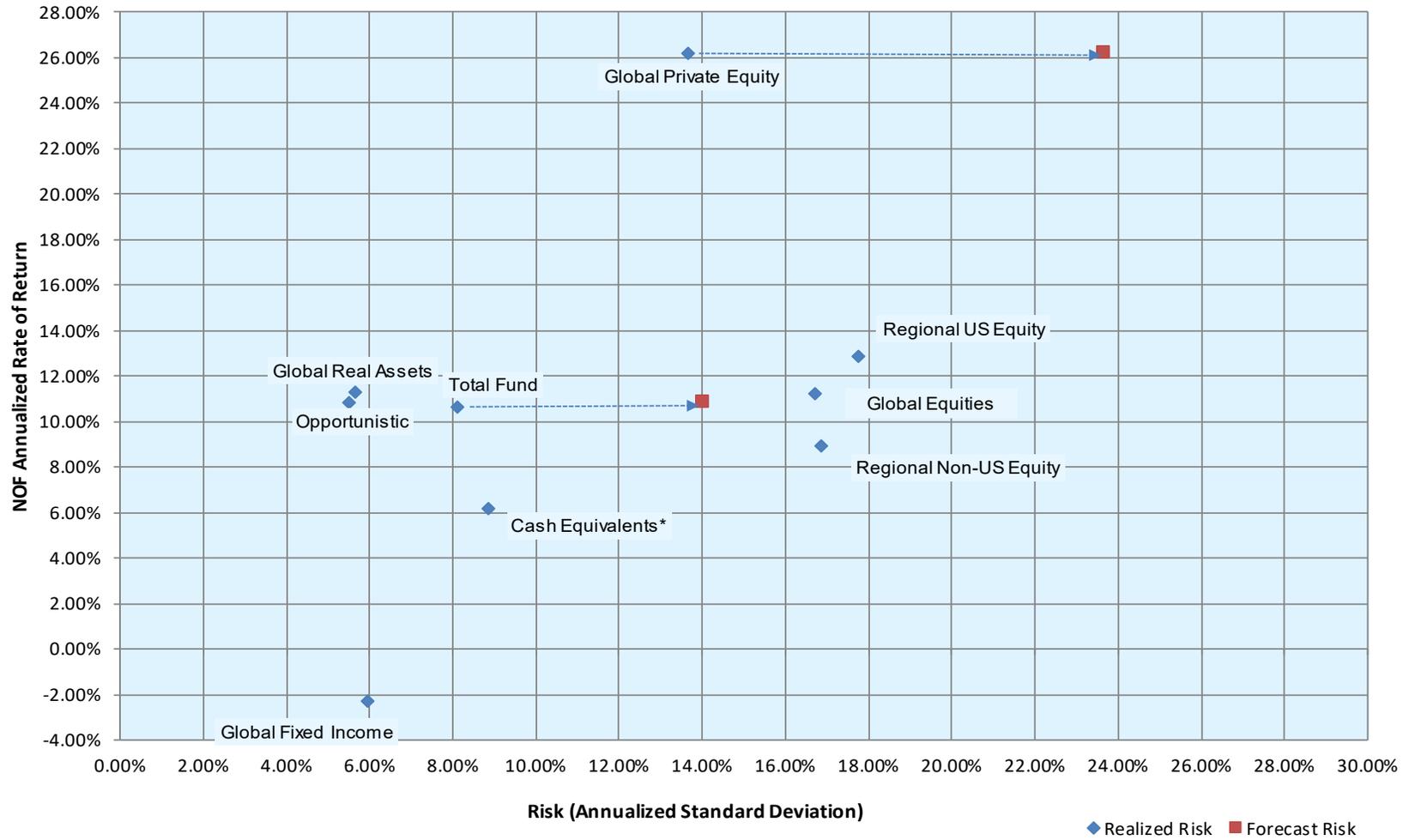


\*Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay

◆ Realized Risk ■ Forecast Risk



# 3 Year Risk and Return

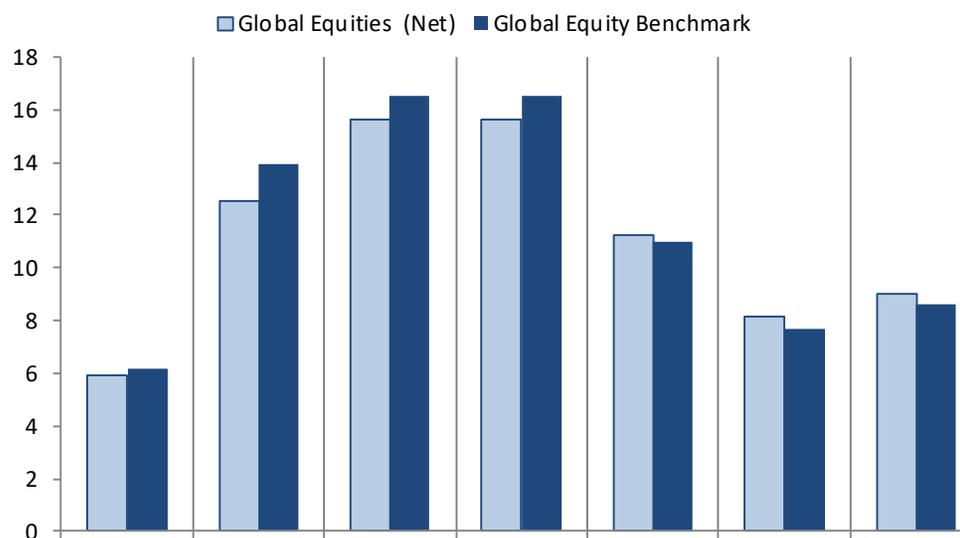


\*Cash Equivalents include Short-Term, Enhanced Allocation Overlay and Currency Overlay



# Global Equities Performance

**Current Benchmark:**  
MSCI ACWI (Net Dividends)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Global Equities (Gross)	5.97	12.72	15.89	15.89	11.55	8.46	9.36
Global Equities (Net)	5.90	12.56	15.60	15.60	11.23	8.14	9.02
Global Equity Benchmark	6.18	13.93	16.53	16.53	10.97	7.69	8.61
Value Added (Net of Fee)	(0.28)	(1.37)	(0.93)	(0.93)	0.26	0.46	0.41
Regional US Equity	7.28	13.90	17.03	17.03	12.83	10.72	11.92
Russell 3000 Index	8.39	16.17	18.95	18.95	13.89	11.39	12.34
Value Added (Net of Fee)	(1.10)	(2.27)	(1.93)	(1.93)	(1.06)	(0.67)	(0.42)
Regional Non-US Equity	2.28	10.05	12.70	12.70	8.92	5.05	5.89
Custom Non-US Equity BM	2.44	9.47	12.72	12.72	7.13	3.46	4.61
Value Added (Net of Fee)	(0.15)	0.57	(0.02)	(0.02)	1.79	1.59	1.28

Source: BNY Mellon GRS

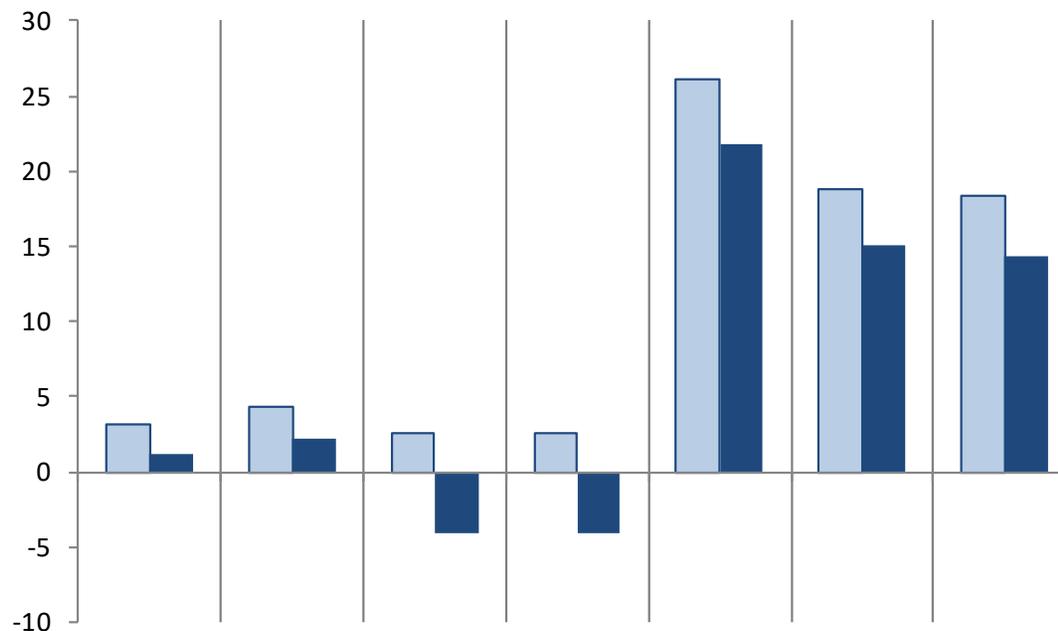


# Global Private Equity Performance

**Results as of: 06/30/2023**

**Current Benchmark:**  
*Burgiss All Private Equity Index*

Private Equity (Net) Private Equity Policy Benchmark



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Private Equity (Gross)	3.48	5.10	4.21	4.21	28.14	20.64	20.06
Private Equity (Net)	3.17	4.36	2.54	2.54	26.17	18.86	18.37
Private Equity Policy Benchmark	1.15	2.18	(4.03)	(4.03)	21.74	15.05	14.32
Value Added (Net of Fee)	2.02	2.18	6.57	6.57	4.43	3.81	4.05

Source: BNY Mellon GRS

The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Private Equity performance is reported one quarter in arrears.



## Public vs Private Equity Performance (Net)

### Public vs Private Equity - Performance (Net)

	3 Year	5 Year	10 Year
Regional US Equity	12.83	10.72	11.92
Global Equity	11.23	8.14	9.02
Private Equity	26.17	18.86	18.37

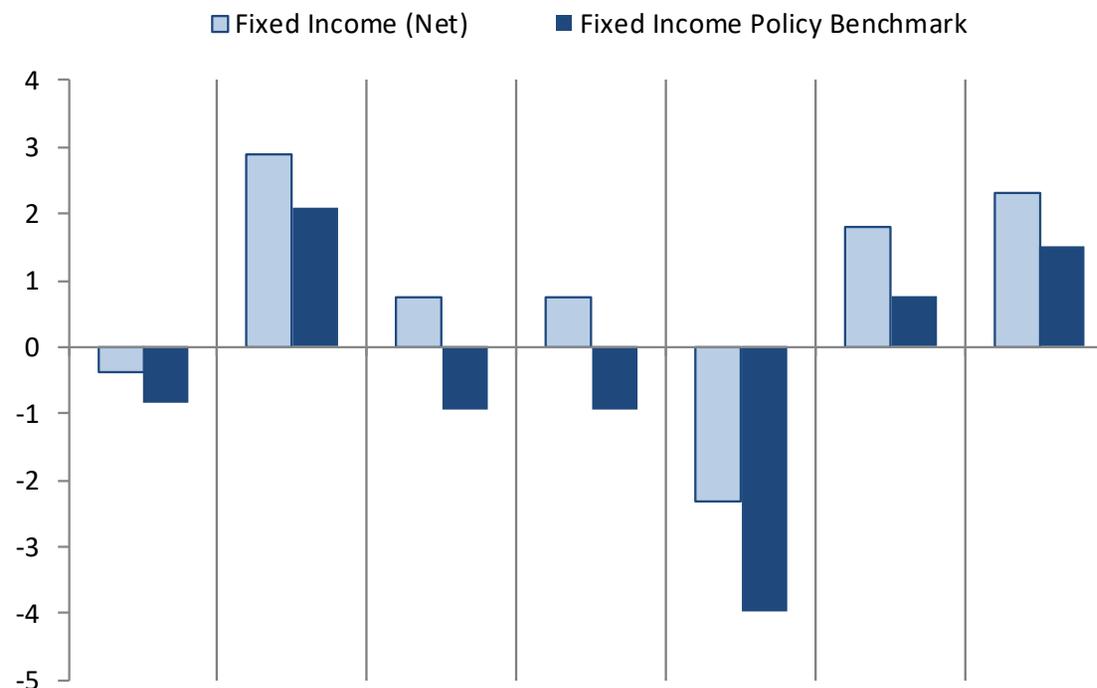
\* Private Equity returns are lagged one quarter



# Global Fixed Income Performance

## Current Benchmark:

*Bloomberg Aggregate Bond Index*



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Fixed Income (Gross)	(0.33)	3.04	1.00	1.00	(2.04)	2.06	2.53
Fixed Income (Net)	(0.39)	2.90	0.74	0.74	(2.31)	1.81	2.30
Fixed Income Policy Benchmark	(0.84)	2.09	(0.94)	(0.94)	(3.96)	0.77	1.52
Value Added (Net of Fee)	0.45	0.81	1.68	1.68	1.65	1.04	0.78

Source: BNY Mellon GRS

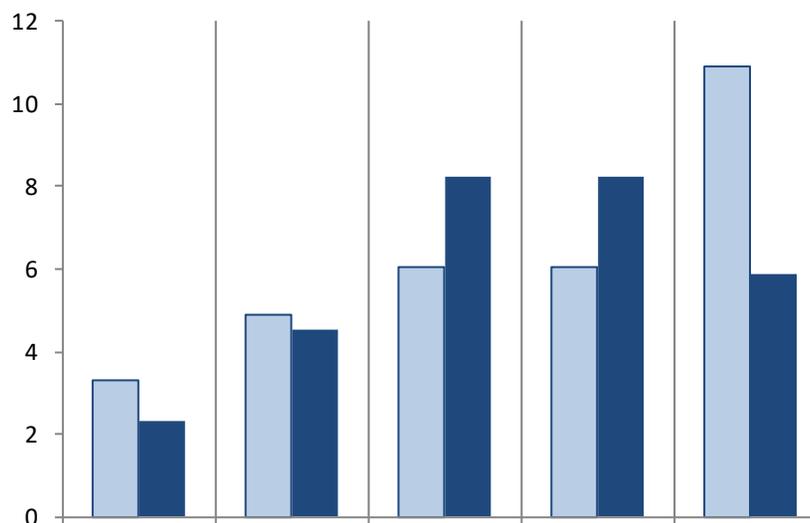


# Global Private Credit Performance

■ Global Private Credit (Net) ■ Global Private Credit Policy Benchmark

## Current Benchmark:

90 Day T-Bill + 4.5%



	Qtr	CYTD	FYTD	1 Year	3 Year
Global Private Credit (Gross)	3.64	5.70	7.66	7.66	12.47
Global Private Credit (Net)	3.29	4.88	6.07	6.07	10.88
Global Private Credit Policy Benchmark	2.32	4.56	8.25	8.25	5.90
Value Added (Net of Fee)	0.97	0.32	(2.18)	(2.18)	4.98

Source: BNY Mellon GRS

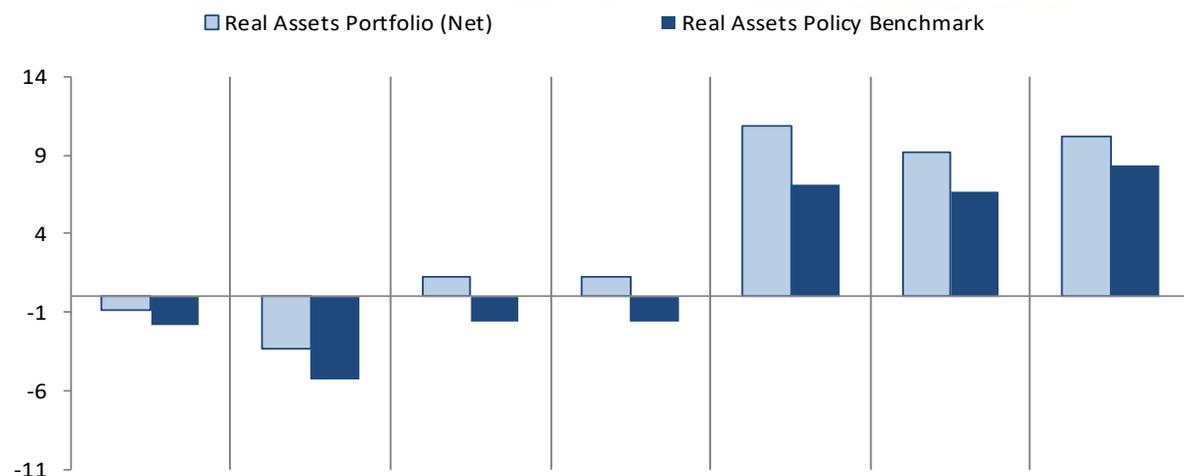
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.



# Global Real Assets Performance

Results as of: 06/30/2023

**Current Benchmark:**  
NCREIF Property Index (1q lag)



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Real Assets Portfolio (Gross)	(0.66)	(2.87)	2.17	2.17	11.76	10.12	11.27
Real Assets Portfolio (Net)	(0.88)	(3.28)	1.30	1.30	10.82	9.17	10.23
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	8.34
Real Assets Value Added (NOF)	0.93	1.97	2.93	2.93	3.67	2.46	1.88
Real Assets Core (Net)	(2.73)	(7.44)	(1.13)	(1.13)	11.17	9.64	10.17
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	8.34
Real Assets Core Value Added (NOF)	(0.92)	(2.19)	0.50	0.50	4.02	2.93	1.83
Real Assets Non-Core (Net)	(0.46)	(1.87)	(4.44)	(4.44)	5.87	6.58	9.43
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	8.34
Real Assets Non-Core Value Added (NOF)	1.35	3.38	(2.81)	(2.81)	(1.28)	(0.13)	1.09
Real Assets Infrastructure (Net)	2.74	5.36	8.36	8.36	12.45	9.96	n/a
Real Assets Policy Benchmark	(1.81)	(5.25)	(1.63)	(1.63)	7.15	6.71	n/a
Real Assets Infrastructure Value Added (NOF)	4.55	10.61	9.99	9.99	5.30	3.25	n/a

Source: BNY Mellon GRS

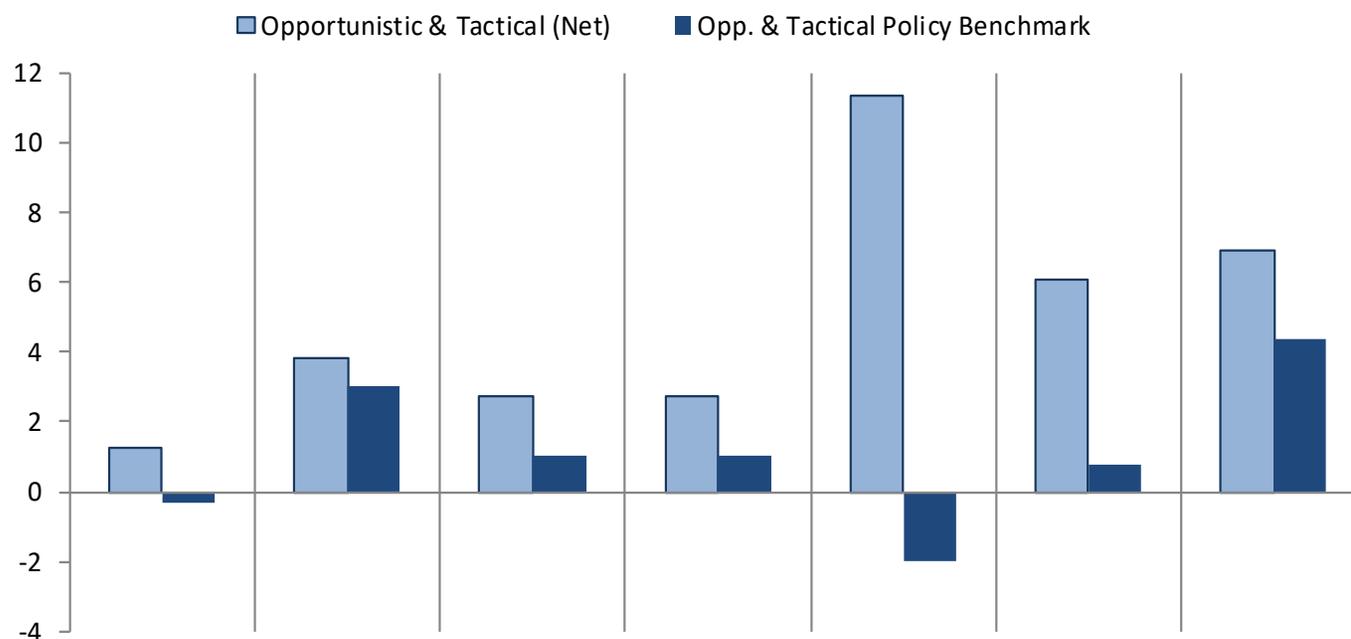
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Real Assets performance is reported one quarter in arrears.



# Opportunistic & Tactical Performance

**Current Benchmark:**  
Bloomberg Aggregate  
Bond Index + 2%



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Opportunistic & Tactical (Gross)	1.51	4.36	3.79	3.79	12.57	7.48	8.85
Opportunistic & Tactical (Net)	1.24	3.82	2.71	2.71	11.30	6.04	6.89
Opp. & Tactical Policy Benchmark	(0.32)	3.05	1.06	1.06	(1.96)	0.80	4.36
	1.56	0.77	1.65	1.65	13.26	5.24	2.53

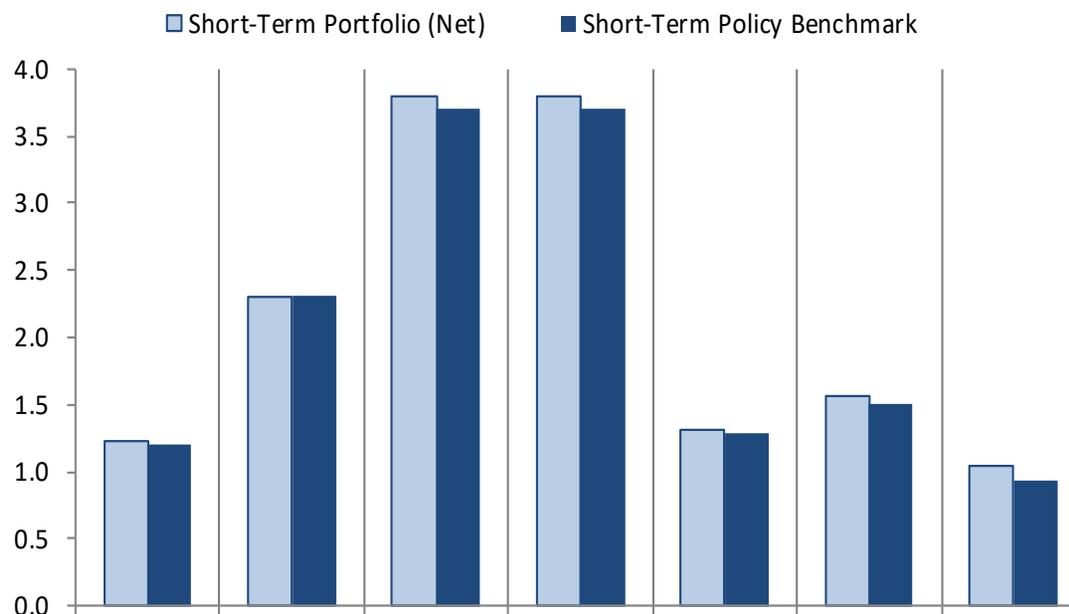
Source: BNY Mellon GRS



# Short-Term Performance

**Current Benchmark:**

*FTSE 30 Day Treasury Bill Index*

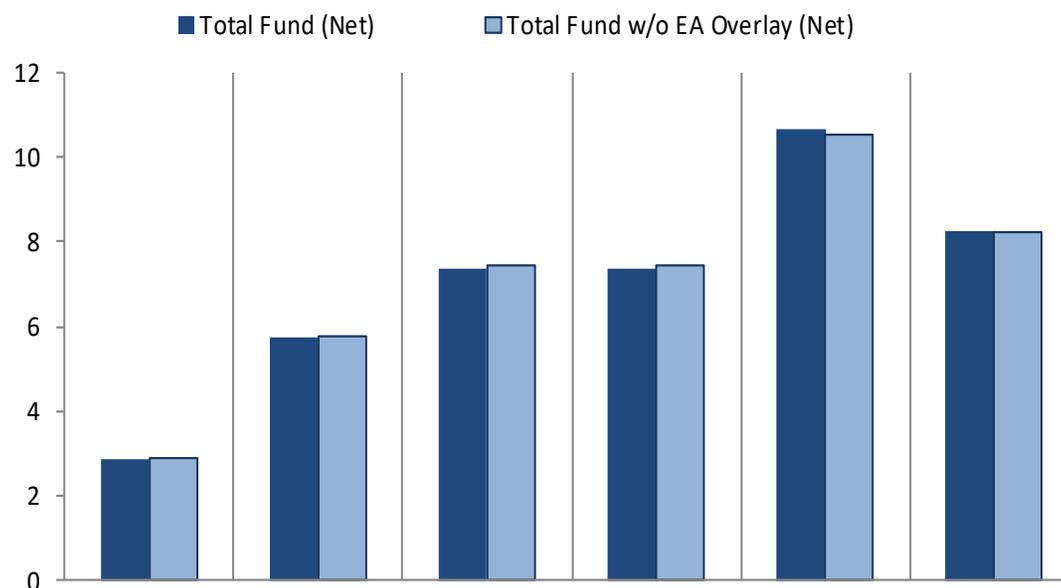


	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year	10 Year
Short-Term Portfolio (Gross)	1.23	2.31	3.79	3.79	1.31	1.57	1.04
Short-Term Portfolio (Net)	1.23	2.31	3.79	3.79	1.31	1.57	1.04
Short-Term Policy Benchmark	1.21	2.31	3.70	3.70	1.29	1.50	0.93
Value Added (Net of Fee)	0.02	(0.00)	0.09	0.09	0.02	0.07	0.11

Source: BNY Mellon GRS



# Enhanced Asset Overlay Performance

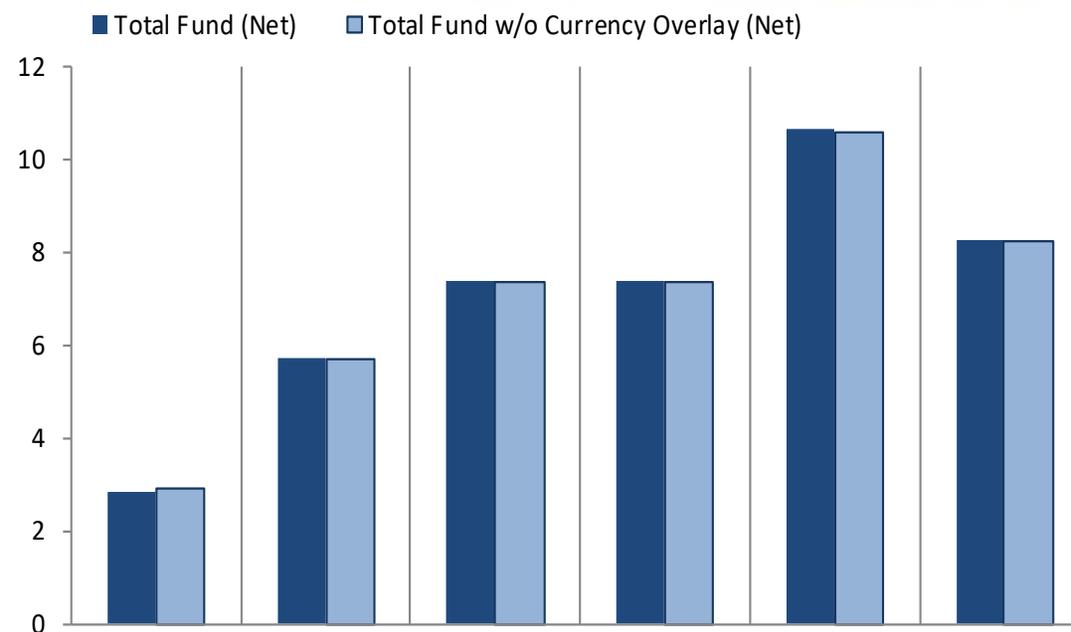


	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	3.00	6.06	8.14	8.14	11.36	8.95
Total Fund w/o EA Overlay (Gross)	3.05	6.11	8.22	8.22	11.22	8.90
Total Fund (Net)	2.85	5.73	7.39	7.39	10.65	8.26
Total Fund w/o EA Overlay (Net)	2.89	5.78	7.46	7.46	10.53	8.22
EA Overlay Impact (Net of Fee)	(0.04)	(0.05)	(0.07)	(0.07)	0.12	0.04

Source: BNY Mellon GRS



# Currency Overlay Performance



	Qtr	CYTD	FYTD	1 Year	3 Year	5 Year
Total Fund (Gross)	3.00	6.06	8.14	8.14	11.36	8.95
Total Fund w/o Currency Overlay (Gross)	3.05	6.01	8.05	8.05	11.25	8.87
Total Fund (Net)	2.85	5.73	7.39	7.39	10.65	8.26
Total Fund w/o Currency Overlay (Net)	2.89	5.67	7.35	7.35	10.57	8.21
Currency Overlay Impact (Net of Fee)	(0.04)	0.06	0.04	0.04	0.08	0.05

Source: BNY Mellon GRS



## Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review – Private Equity
- Monthly Investment Report (August 31, 2023)

# Memo

**To:** Retirement Board  
**From:** Hai Yen Le  
**cc:** Richard Stensrud, Karen Roggenkamp, Farouki Majeed  
**Date:** August 16, 2023  
**Re:** **Quarterly Risk Report for period ending June 30, 2023**

---

This memo summarizes the main risk characteristics of SERS' Total Fund based on holdings on June 30, 2023, and current market environment. The risk report is attached for your reference.

The Total Fund's expected risk was 12.6% in June 2023, which decreased from the previous quarter and a year ago by 0.8% and 0.6%, respectively. The current risk level remains elevated compared to the historical average, reflecting relatively high volatility in the equity, interest rate and credit markets.

The Total Fund risk contribution from the asset class portfolios was stable in the last quarter. The largest risk contribution came from the Global Equity portfolio at 54.0%, followed by the Private Equity portfolio at 21.8%. Together, the two equity portfolios contributed 75.8% of the Total Fund risk while their combined capital allocation was 54.9%, significantly lower than the risk contribution. Equity carries more risk but also is expected to generate higher return relative to other asset classes in the long term. The risk contribution of the Real Asset portfolio was 19.1% while its weight was 20.3%, thus this portfolio is risk neutral. The Total Fund's risk diversification came from the Fixed Income, Private Credit, and Opportunistic portfolios due to their lower risk compared to equity, private equity, and real assets. The risk contributions of these assets were much less than their weights (reference slides 2 and 4). As of June end, Global Equity and Fixed Income were underweight relative to the policy weight by 3.0% and 6.0%, respectively. Opportunistic allocation was 3.2%. The overlay program in a whole reduced the Total Fund's risk by 2.0%

The Total Fund risk contribution from major risk factors that capture exposures of assets to common risk sources has been stable over the quarter. The largest risk source of the Total Fund's risk was equity factor risk, largely attributed from Global Equity, Private Equity, and on a much smaller scale from Real Assets, Opportunistic, and Private Credit. 75.3% of the Total Fund's risk is contributed by the equity factor, the rest by other risk factors such as private markets, currency, and fixed income. Currency risk contributed 4.8%, mainly from the Global Equity portfolio. The Currency Overlay program helped reduce the Total Fund's currency risk with a (0.87%) risk contribution. The fixed income factors contributed only 3.5% (reference slide 3).

The Total Fund's forecast active risk relative to the policy portfolio held steady at 1.6%, staying below the Risk Policy limit of 3%. Asset allocation tilts in aggregate contributed only 0.07% to the active risk. The selection risk contribution was spread among the asset class portfolios. June tactical asset allocation versus the FY2023 policy was underweight in public markets (Global Equity and Fixed Income) and overweight in Real Assets, Opportunistic, Private Credit, and Private Equity. Equity and fixed income markets continue to face high volatility and downside risk due to high inflation and high interest rates.

Please let us know if you have any questions. Thank you.

# BARRAONE – RISK MANAGEMENT SYSTEM SERS RISK REPORT

**For the period ending  
June 30, 2023**

Prepared by:  
Chris Hyland, Associate Investment Officer – Risk management & Analytics



Meeting Date: September 2023

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# SERS Total Fund Risk

## Risk Summary

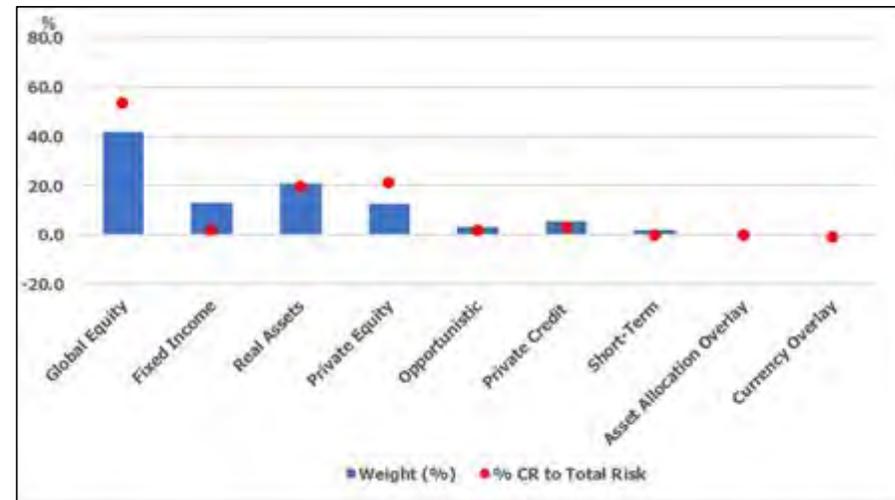
Statistic	Value
Total Risk	12.59
Benchmark Risk	12.21
Active Risk	1.59
Portfolio Beta	1.02
Effective Duration	0.78

## Asset Class Contribution to Risk

Asset Class	Weight (%)	Total Risk	% CR to Total Risk
<b>Total</b>	<b>100.00</b>	<b>12.59</b>	<b>100.00</b>
Global Equity	42.00	16.82	54.01
Fixed Income	13.00	5.17	1.97
Real Assets	20.30	13.67	19.13
Private Equity	12.90	23.21	21.79
Opportunistic	3.20	7.72	1.94
Private Credit	5.90	9.75	3.10
Short-Term	2.50	0.08	0.00
Asset Allocation Overlay	0.00	15.98	-1.09
Currency Overlay	0.10	6.92	-0.84

Note: Total Risks of the Overlay Programs are on the notional values

## Asset Class Allocation



Source: MSCI BarraOne – June 2023 data

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# SERS Total Fund – Risk by Factors

Asset Class	Commodity Factor Contribution	Currency Risk Contribution	Fixed Income Factor Contribution	Equity Factor Contribution	Private Equity Factor Contribution	Private Credit Contribution	Private Infrastructure Contribution	Private Real Estate Factor Contribution	Portfolio Risk Contribution
Asset Allocation Overlay	0.00	0.00	0.00	-0.14	0.00	0.00	0.00	0.00	<b>-0.14</b>
Currency Overlay	0.00	-0.11	0.00	0.00	0.00	0.00	0.00	0.00	<b>-0.11</b>
Fixed Income	0.00	0.02	0.21	0.01	0.00	0.00	0.00	0.00	<b>0.25</b>
Global Equity	0.00	0.44	0.00	6.33	0.00	0.00	0.00	0.00	<b>6.80</b>
Opportunistic	0.01	0.03	0.04	0.14	0.00	0.01	0.00	0.01	<b>0.24</b>
Private Credit	0.00	0.10	0.14	0.11	0.00	0.05	0.00	0.00	<b>0.39</b>
Private Equity	0.00	0.08	0.01	2.31	0.33	0.00	0.00	0.00	<b>2.74</b>
Real Assets	0.00	0.04	0.04	0.71	0.00	0.00	0.14	1.48	<b>2.41</b>
Short-Term	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.00</b>
<b>Total Fund</b>	<b>0.01</b>	<b>0.6</b>	<b>0.44</b>	<b>9.48</b>	<b>0.33</b>	<b>0.06</b>	<b>0.14</b>	<b>1.48</b>	<b>12.59</b>
Total Fund - 3 Month Change	0.00	0.02	-0.01	-0.68	-0.01	0.00	0.00	-0.19	-0.83
Total Fund - 12 Month Change	-0.03	0.24	0.11	-0.77	-0.01	0.01	-0.01	-0.13	-0.57

Source: MSCI BarraOne – June 2023 data

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# SERS Total Fund - Active Risk

Asset Class	Active Weight	Allocation Risk Contribution	Selection Risk Contribution	Active Risk Contribution
Asset Allocation Overlay	0.00	0.00	(0.02)	(0.02)
Currency Overlay	0.00	0.00	(0.01)	(0.01)
Fixed Income	(6.00)	0.24	0.09	0.34
Global Equity	(3.00)	0.03	0.14	0.12
Opportunistic	3.20	0.08	0.09	0.02
Private Credit	0.90	0.02	0.31	0.29
Private Equity	0.90	0.10	0.03	0.13
Real Assets	3.30	0.14	0.88	0.74
Short-Term	0.60	0.01	0.00	(0.01)
<b>Total Fund</b>		<b>0.07</b>	<b>1.51</b>	<b>1.59</b>
Total Fund - 3 Month Change		0.02	-0.04	-0.02
Total Fund - 12 Month Change		-0.05	0.10	0.06

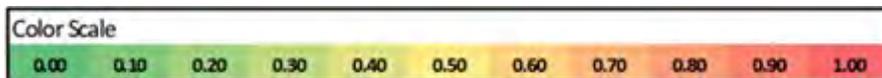
Source: MSCI BarraOne – June 2023 data

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# Asset Class Correlation

Portfolio	Global Equity	Fixed Income	Private Credit	Private Equity	Real Assets	Opportunistic	Short-Term
Global Equity	1.00						
Fixed Income	0.31	1.00					
Private Credit	0.60	0.38	1.00				
Private Equity	0.82	0.22	0.67	1.00			
Real Assets	0.76	0.30	0.54	0.77	1.00		
Opportunistic	0.86	0.52	0.82	0.80	0.73	1.00	
Short-Term	0.00	0.00	0.00	0.00	0.00	0.00	1.00



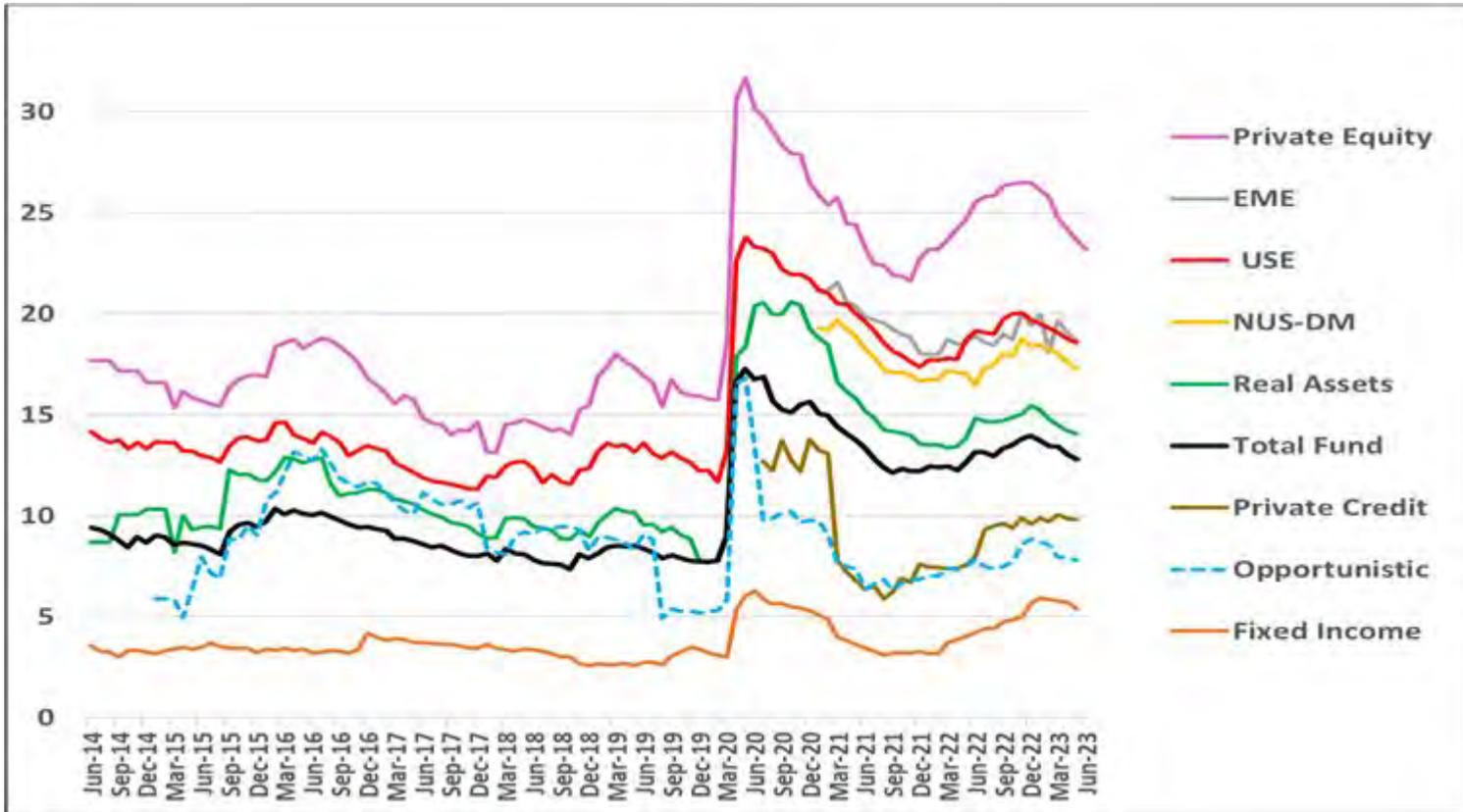
Source: MSCI BarraOne – June 2023 data

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# Forecast Total Risk



Source: MSCI BarraOne – June 2023 data

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# Total Fund Forecast Risk



Source: MSCI BarraOne – June 2023 data

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# Ten Worst Scenarios

Scenario	Portfolio P&L	Benchmark P&L	Market Change(\$)
2007-2009 Subprime and Credit Crisis	-32.14%	-30.47%	(5,765,540,402)
2008 - 2009 Global Financial Crisis	-25.81%	-25.00%	(4,629,013,002)
2008 Lehman Bust	-23.39%	-22.56%	(4,195,732,897)
2000-2003 Tech Crash & Recession	-22.77%	-22.68%	(4,084,494,396)
1987 Market Crash (Aug. to Nov.)	-10.60%	-10.70%	(1,901,658,718)
2007-2008 Equity Slow Grind	-10.27%	-9.38%	(1,842,887,346)
2011 US Debt Ceiling Act	-9.07%	-8.48%	(1,626,425,297)
1998 Russian Financial Crisis	-7.57%	-7.00%	(1,358,648,503)
2001 Sept 11	-6.65%	-6.49%	(1,192,350,551)
2006 Emerging Market Crash	-5.82%	-5.69%	(1,044,321,113)

Source: MSCI BarraOne – June 2023 data

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# Realized Risk vs. Forecast Risk



	<u>3 Years NOF Return</u>	<u>Realized STDEV</u>	<u>Forecast STDEV</u>
Total Fund	10.65	8.13	12.59
Regional US Equity	12.83	17.74	18.14
Non-US Equity Developed Market	11.27	17.45	17.03
Non-US Equity Emerging Market	2.35	17.99	19.33
Global Private Equity	26.17	13.66	23.21
Global Fixed Income	(2.31)	5.96	5.17
Global Real Assets	10.82	5.51	13.67
Short-Term Cash	1.31	0.53	0.08
Opportunistic & Tactical	11.30	5.66	7.72

# Memo

**To:** Retirement Board  
**From:** Chris Collins  
**cc:** Richard Stensrud, Karen Roggenkamp  
**Date:** September 8, 2023  
**Re:** **Federal Legislative Report**

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## OVERVIEW

The possibility of a federal government shutdown at the end of September is increasing. The far-right House Freedom Caucus escalated the stakes in August by releasing a list of demands to support a short-term, stopgap funding bill that will likely be needed to prevent a government shutdown at the end of the fiscal year on September 30<sup>th</sup>.

Neither chamber is close to finishing its annual appropriations work, let alone striking a deal on what the final spending bills should look like, so extra time will almost certainly be needed. But providing that time is proving to be another source of tension among House Republicans.

Before supporting a continuing resolution (CR), the Freedom Caucus is demanding the legislation include:

- A House-passed border security bill;
- A way to “address the unprecedented weaponization” of the Justice Department and the FBI; and
- Provisions that would put an “end” to the “woke polices in the Pentagon.”

The group didn’t specify how to address Justice Department “weaponization” or how to end “woke policies” in the military.

CRs generally extend existing funding levels and are usually free of such big policy provisions, but the group is seeking to leverage House Republicans’ razor thin majority to force a shutdown showdown right from the start. The group’s tactics are becoming an increasing source of frustration for some of their GOP colleagues.

Rep. Don Bacon (R-NE), a centrist Republican from a swing district, said the Freedom Caucus is making “unrealistic demands that never have a chance in the Senate nor with President Biden.”

One of the Freedom Caucus’s own members, Rep. Ken Buck (R-CO), said in an interview that he didn’t support the group’s move. (The group needs support from an overwhelming majority of its members to take an official position.)

Buck, who often votes against CRs, said the Freedom Caucus should be focusing its efforts on reducing the top-line spending amount.

But with more than four dozen Freedom Caucus members and only a four seat Republican majority, Speaker Kevin McCarthy (R-CA) has a challenge on his hands.

He could turn to Democrats to support a CR, which would provide overwhelming support for a short funding extension. But when McCarthy did that to pass legislation lifting the debt limit earlier this year, some far-right revolted and blocked all action in the House for one week. Do it again and Freedom Caucus members could make bigger problems for the speaker.

McCarthy is working to convince his colleagues that a CR is a simple tool and not where the spending fight should happen and that they should seek to change policy and funding priorities in the appropriations process.

House Democratic Leader Hakeem Jeffries (D-NY) said Democrats will help Democrats pass a CR if it doesn't include any new Republican policy changes.

"We'll evaluate what legislative proposal is put before us by Speaker McCarthy," he told reporters "What we will not do is agree to extreme ransom demands."

There is no chance the Democratic-led Senate will accept the Freedom Caucus' demands.

"The only way we're going to avoid a government shutdown is by bipartisan support in both Houses. You cannot keep the government open if you just want to do it with one party. It just won't work the way our government is structured," Majority Senate Leader Chuck Schumer (D-NY) told reporters.

Further complicating matters, it appears the House Appropriations Committee could consider amendments to the fiscal 2024 Commerce-Justice-Science bill stripping federal funding from prosecutors who are pursuing charges against former President Donald Trump.

Rep. Andrew Clyde (R-GA), a member of the House Freedom Caucus who also sits on the Appropriations Committee, announced that he is working on two amendments to offer when the panel takes up the bill this month. Clyde said he plans to introduce an amendment to prevent taxpayer dollars from being used to prosecute any major presidential candidate prior to the upcoming presidential election, and a second that would prohibit funding for state prosecutions.

So, a lot is still to be determined as the end of the federal fiscal year approaches.

## **CHINA EXECUTIVE ORDER ISSUED**

On August 9<sup>th</sup>, President Biden issued a long-anticipated Executive Order (E.O.) directing the Treasury Department to develop a new national security program imposing notification requirements and, in some cases, prohibitions, on certain U.S. investments in China and Chinese-owned companies that involve semiconductors and microelectronics, quantum information technologies, and artificial intelligence (AI). Depending upon the response from member systems, the National Council on Teacher Retirement (NCTR) and the National Association of State Retirement Administrators (NASRA) are considering a joint association comment letter to reflect membership observations.

The E.O. is directed at "countries of concern," which are defined as those which "eliminate barriers between civilian and commercial sectors and military and defense industrial sectors, not just through research and development, but also by acquiring and diverting the world's cutting-edge technologies, for the purposes of achieving military dominance." However, the only such country of

concern identified in an Annex to the E.O. is the People's Republic of China (PRC), including the Special Administrative Region of Hong Kong and the Special Administrative Region of Macau, as such a country of concern.

Specifically, the E.O. finds "countries of concern" (China) are "exploiting or have the ability to exploit certain United States outbound investments, including certain intangible benefits that often accompany United States investments and that help companies succeed, such as enhanced standing and prominence, managerial assistance, investment and talent networks, market access, and enhanced access to additional financing."

President Biden has therefore found that "advancement by countries of concern in sensitive technologies and products critical for the military, intelligence, surveillance, or cyber-enabled capabilities of such countries constitutes an unusual and extraordinary threat" to the U.S. national security, and "certain United States investments risk exacerbating this threat." He accordingly has declared a "national emergency" to deal with this threat.

At the same time as the issuance of the E.O., the Treasury Department released an "Advance Notice of Proposed Rulemaking" (ANPRM) to provide "transparency and clarity" concerning the intended scope of the program it is developing to implement the E.O., and to seek public comment on the implementation of the E.O. and the scope of the program before it takes effect.

The ANPRM does not itself implement the E.O. and is not draft regulatory text. Instead, as Treasury explains, "it is a means for Treasury to share with the public some of its initial considerations and views with respect to definitions and other elements of the program that are central to its implementation." There are also 83 specific questions for which Treasury is seeking input. Once comments on the ANPRM have been received and analyzed, formal draft regulations will be issued.

There has been bipartisan support in Congress for actions to address U.S. investments in China, particularly in areas affecting national security. In late July, the Senate voted overwhelmingly, on a bipartisan basis, to include a proposal by Senators Cornyn (R-TX) and Casey (D-PA) in the National Defense Authorization Act to require U.S. companies to notify the federal government 14 days before investing in sensitive technologies in China, as well as Iran, Russia, and North Korea, if the activity is not a secured transaction, and within 14 days of the activity if it is a secured transaction.

The Cornyn-Casey provision would cover not just advanced semiconductors and microelectronics; quantum information science and technology; and AI, as does the Biden E.O., but would also apply to hypersonics; satellite-based communications; and networked laser scanning system with dual-use applications. However, their measure was modified by GOP members and only contains notification requirements and no investment prohibitions. In the meantime, House Republicans want to see a different approach that focuses on expanding existing corporate "blacklists" at Treasury, Commerce and the Defense Departments.

For example, the Chairman of the U.S. House Select Committee on China, Congressman Mike Gallagher (R-WI), along with Senator Josh Hawley (R-MO) and several Select Committee members, has introduced the "Dump Investments in Troublesome Communist Holdings Act" (DITCH Act). This bill would require non-profits, university endowments, public pension plans, and any other tax-exempt entity to divest from Chinese companies or lose their tax-exempt status. The DITCH Act defines disqualified Chinese companies as any company incorporated or based in China, one that has more than 10% of the stock owned by some combination of Chinese entities or is directly or indirectly owned by a Chinese entity.

NCTR and NASRA are currently considering the filing of comments in connection with the ANPRM to convey the general sentiments of the public pension community with regard to the E.O. and the intended regulatory structure envisioned by the ANPRM. Several member systems believe that

such general comments would permit the views of the plan community to be heard without the need for individual plans to express their views and/or concerns, and this might be a preferable approach in their opinion.

### **WINDFALL ELIMINATION PROVISION (WEP) AND GOVERNMENT PENSION OFFSET (GPO)**

Rep. John Larson (D-CT) reintroduced his comprehensive Social Security legislation called Social Security 2100: A Sacred Trust (HR 4583) on July 12<sup>th</sup>. In addition to repealing WEP and GPO the legislation would provide an across-the-board increase in Social Security benefits, improve the COLA for recipients, and generally enhance the program. Despite having 177 co-sponsors, all Democrats, it is unlikely the bill will receive much attention in the Republican majority House.

National organizations, like the International Association of Fire Fighters and the National Association of Letter Carriers, continue to reiterate their support for repeal of WEP and GPO through public statements and DC rallies. In addition, state legislatures (including Ohio) continue to pass resolutions urging Congress to act on WEP and GPO repeal.

However, the likeliest scenario remains that WEP and GPO will not be addressed until there is willingness by Congress to take on comprehensive Social Security reform, hopefully before the trust fund is expected to be depleted, projected to happen around 2033.

### **ANTI-ESG LEGISLATION UPDATE**

On July 27<sup>th</sup>, the last day the House was in session prior to the August recess, the House Financial Services Committee approved on party line votes four bills designed to fulfill its promise of moving an anti-ESG slate of legislation through the House this year. The bills are expected to be considered on the House floor as early as September.

H.R. 4655 would prohibit the Securities and Exchange Commission (SEC) from compelling the inclusion or discussion of shareholder proposals, proxy, or solicitation materials. The authors of the bill argue that these decisions are properly a matter of state law, and the SEC should be prohibited from intervening in those decisions.

H.R. 4767 would revise SEC regulations to provide that an issuer may exclude shareholder proposals that are substantially the same subject matter as a proposal or proposals previously included in proxy or consent solicitations and may specifically reject any shareholder proposal on an ESG issue. This bill also contains numerous additional provisions, including new registration requirements for proxy advisory firms.

H.R. 4790 is designed to prevent the SEC from implementing regulations that would require certain climate-related disclosures. This legislation is in response to a proposed rule issued by the SEC in March 2022 that, in general, would require registrants to disclose in their registration statements and periodic reports climate-related risks that are material to their business, operations, or financial condition.

Finally, H.R. 4823 would prohibit the Federal Reserve, Comptroller of the Currency, Federal Deposit Insurance Corporation, Housing Finance Administration, and the National Credit Union Administration from implementing a non-binding recommendation from the Financial Stability Oversight Council (FSOC) or contained in an Executive Order, unless the head of the specific agency first notifies the House Financial Services Committee and the Senate Banking Committee that the agency intends to implement the recommendation, its justification for implementation, and provides testimony to the Congressional Committees if requested. In addition, the legislation gives additional oversight authority to the Committees on the interactions.

Given the political composition of the 118th Congress, any Republican House-passed, anti-ESG legislation will not gain traction in the Democratic-controlled Senate. However, the proposals and ideas will remain on the shelf for future Congresses to consider if the political will is there.

## **HEALTH CARE**

The Centers for Medicare and Medicaid Services (CMS) released an anniversary fact sheet covering the Inflation Reduction Act (IRA)'s impact over the past year. Signed into law on August 16, 2022, the IRA includes provisions affecting Medicare benefits, drug costs, and prescription drug premiums. The legislation also increases financial assistance for purchasing health insurance plans through HealthCare.gov and the state-based Marketplaces. CMS' fact sheet provides details on the IRA's provisions, along with statistics on its effects following enactment. Paralleling CMS' fact sheet, the White House also released a fact sheet highlighting the IRA's effects over the year. According to the White House, the IRA continues to make improvements to the Affordable Care Act (ACA) and has contributed to the nation's uninsured rates reaching a historic low.

As a result of provisions included in the IRA, the Centers for Medicare and Medicaid Services (CMS) recently announced the first 10 drugs up for Medicare drug price negotiation. These selected drugs accounted for \$50.5 billion in total Part D gross covered prescription drug costs, or about 20% of total Part D gross covered prescription drug costs between June 1, 2022 and May 31, 2023.

The list includes some of the most expensive brand-name drugs on the market like Eliquis, a drug manufactured by Bristol-Myers Squibb that prevents and treats blood clots and costs Medicare billions of dollars a year.

Additional drugs on the list include Jardiance, a diabetes drug manufactured by Eli Lilly and Boehringer Ingelheim, and Xarelto, a drug from Janssen Pharmaceuticals that prevents blood clots. The other drugs are Januvia, Farxiga and Fiasp products, used to treat diabetes; Entresto, used to treat heart failure; Enbrel and Stelara, which treat psoriasis; and Imbruvica, which treats blood cancers.

Many of these drugs are also among the most prescribed medications under the SERS retiree health care plan.

There are currently eight pending lawsuits from the pharmaceutical industry against the negotiation program, which will likely end up in the Supreme Court. Absent any court ruling that postpones negotiations, manufacturers of the 10 Part D drugs will have to sign agreements with the Centers for Medicare and Medicaid Services to participate in the negotiations by October 1<sup>st</sup> or withdraw from Medicare and Medicaid and face steep financial penalties.

CMS will submit initial offers to the drug companies February 1<sup>st</sup>, Manufacturers will then have one month to accept the offer or propose a counteroffer. The negotiation period ends August 1, 2024, and negotiated prices will be announced by CMS on September 1, 2024.

PhRMA wrote a recent blog post that the law "empowers the government to make unilateral and arbitrary decisions about what innovation is valued and what is not, which could lead to less investment in treatments aimed at addressing seniors' greatest needs."

Supporters of the law say that argument is overblown. The law exempted several types of drugs including ones that have a generic or biosimilar available. Drugs must have been on the market for at least seven years, or 11 years for biologics, to be eligible for negotiation.

CMS will select for negotiation up to 15 more drugs covered under Part D for 2027, up to 15 more drugs covered under Part B and D for 2028, and up to 20 more drugs for each year after that.

Lower prices paid by Medicare could also mean lower cost-sharing for patients. In 2022, for patients who didn't receive subsidies to help pay for drugs, the average annual out-of-pocket spending was highest for Imbruvica at \$6,497.

When negotiating the maximum fair price for the 10 drugs, CMS must consider several factors laid out in the law, including evidence related to therapeutic alternatives, the manufacturer's research and development costs and whether it has recouped those costs; federal financial support for the discovery and development of the drug and other information.

In all, the program is expected to save the government \$98.5 billion over a decade, according to the Congressional Budget Office.

The CBO has estimated that net prices for selected drugs will decrease by about 50 percent on average while having a small impact on the number of new drugs coming to market.

**FEDERAL LEGISLATION BOARD REPORT**  
**118<sup>th</sup> United States Congress**  
**(Prepared by Chris Collins as of September 8, 2023)**

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**H.R.82**

SPONSOR: Rep. Graves, Garret (R-LA)

LAST ACTIONS: House - 01/09/2023 Referred to the House Committee on Ways and Means

CAPTION: Social Security Fairness Act of 2023

COMMENT: Repeals the GPO and WEP. 289 co-sponsors; ten Ohioans

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**S.597**

SPONSOR: Sen. Brown, Sherrod [D-OH]

LAST ACTIONS: Senate - 03/01/2023 Read twice and referred to the Committee on Finance.

CAPTION: Social Security Fairness Act

COMMENT: Repeals the GPO and WEP. 45 co-sponsors

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**H.R.4260**

SPONSOR: Rep. Neal, Richard (D-MA)

LAST ACTIONS: House - 06/21/2023 Referred to the House Committee on Ways and Means

CAPTION: To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.

COMMENT: 100 co-sponsors; two Ohioans

**STATE LEGISLATION BOARD REPORT**  
**(Prepared by Chris Collins as of September 8, 2023)**

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**135<sup>th</sup> General Assembly**

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**SB6** ESG POLICIES-STATE ENTITIES (Schuring, K) - Regarding environmental, social, and corporate governance policies with respect to the state retirement systems, Bureau of Workers' Compensation, and state institutions of higher education.

Current Status: 05/23/2023, Referred to House Financial Institutions

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**HB4** LEGISLATIVE INTENT-ECONOMIC BOYCOTTS (Young, T., King, A.) To declare the General Assembly's intention to enact legislation regarding financial institutions and other businesses that conduct economic boycotts or discriminate against certain companies or customers based on certain factors.

Current Status: 02/16/2023, Referred to Financial Institutions Committee

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**HB33** FY24-25 OPERATING BUDGET (Edwards, J.) To make operating appropriations for the biennium beginning July 1, 2023, and ending June 30, 2025, to levy taxes, and to provide authorization and conditions for the operation of state programs. [Includes SERS' CBBC provision]

Current Status: 07/03/2023 SIGNED BY GOVERNOR; effective 7/1/23

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**HB146** SERS BENEFIT CAP (Bird, A.) To establish a contribution based benefit cap in calculating a School Employees Retirement System member's retirement benefit.

Current Status: 05/16/2023, REPORTED OUT, House Pensions, (Third Hearing)

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**HCR 6** URGE CONGRESS - REPEAL WINDFALL ELIMINATION PROVISION (King, Plummer) To urge Congress to repeal the Windfall Elimination Provision.

Current Status: 05/16/2023, REPORTED OUT AS AMENDED, House Pensions, (Third Hearing)

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**HB257** VIRTUAL MEETINGS FOR PUBLIC BODIES (Hoops, Claggett) - To authorize certain public bodies to meet virtually, and to declare an emergency.

Current Status: 08/22/2023, Introduced

# Memo

To: Retirement Board

From: Richard Stensrud

CC: Karen Roggenkamp

Date: September 11, 2023

Re: 2024 COLA Discussion

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This memorandum and the enclosed spreadsheets provide information for your consideration with respect to a possible decision at the September Board Meeting regarding the retiree cost-of-living adjustment (COLA) for 2024.

As you know, under the COLA statute the SERS Board has wide discretion with respect to setting the COLA. The Consumer Price Index (CPI) for the previous year is a consideration, but it does not control or determine what the COLA will be. Instead, the Board has the ability to provide a COLA that is below the CPI if the actuary attests that doing so is advisable to protect the fiscal integrity of the pension fund, and the Board has the ability to provide a COLA that is above the CPI if the actuary attests that doing so will not materially impair the fiscal integrity of the pension fund. The June-to-June 2023 change in CPI-W was 2.3%.

Given the importance of fiscal impact on your COLA decision, SERS' actuary, Cavanaugh MacDonald, has provided information on the projected impact on the pension fund of different possible COLAs combined with different possible investment returns. That information, which is similar to what was prepared for last year's COLA decision, is contained in the attached Excel spreadsheets.

The first spreadsheet (tab 1) shows how the projected funded ratio, total benefit payment level, and cash flow on June 30, 2024 would be impacted by a COLA in 2024 ranging from 0% to 2.50% combined with investment returns for the year ranging from 0% to 7% (the investment return assumption). In other words, this data shows the projected short-term impact of different possible COLAs.

The second spreadsheet (tab 2) shows the projected longer-term impact of several possible COLAs on the funded ratio. It assumes that the 7% investment return assumption will be met over the period.

Both spreadsheets incorporate the 7.39% investment return for the 22-23 fiscal year, as well as the 2.5% COLA that was provided in 2023. Please note that the estimated funded ratio as of June 30, 2023 is approximately 77.5%, which represents an increase from the 75.48% funded ratio as of June 30, 2022.

The first spreadsheet shows the following with respect to funded ratio:

- The highest projected funded ratio – 80.74% -- would be reached with a 0% COLA and a 7% investment return.

- The lowest projected funded ratio – 78.79% --would occur with a 2.5% COLA and a 0% investment return.
- For each increase in the COLA of 0.25%, the funded ratio declines by approximately 0.06% to 0.07%.
- The projected funded ratio will go up by 0.18% to 0.19% for each 1% of investment return above 0%.
- The projected funded ratio will decrease by 0.18% to 0.19% for each 1% of investment return below 0%.

A similar pattern and level of change is seen with respect to total benefit payments and cash flow impact:

- For each 0.25% increase in the COLA, the benefit payments increase by approximately \$370,217, meaning that the benefit payments will increase by \$740,434 with a 2.5% COLA compared to a 2.0% COLA. A 2.3% COLA compared to a 2.0% COLA would increase benefit payments by approximately \$444,260.
- A 2.0% COLA will increase benefit payments by \$2,961,732. A 2.3% COLA will increase benefit payments by \$3,405,996. The base benefit payroll (i.e., before any COLA) is approximately \$1.495 billion.
- The negative cash flow increases as benefit payments increase but the negative cash flow percentage (the percentage of cash flow relative to the market value of assets) only increases by 0% to 0.01% for each 0.25% increase in the COLA.
- The lowest negative cash flow percentage (-2.93%) would be under the 0% COLA/7% return combination.
- The highest negative cash flow percentage (-3.16%) would be under the 2.5% COLA/0% return combination.
- The actuary generally considers a negative cash flow percentage greater than -4% as warranting attention.

The second spreadsheet shows that over the longer time period:

- The funded ratio decreases by approximately 0.05% to 0.07% for each 0.25% increase in the COLA above 2.0%, which is the COLA assumption used for valuation purposes. Any COLA above 2% will result in an actuarial loss which will push downward on funded status.
- The amortization period is projected to be 20 years as of June 30, 2024 (100% funded in 2044) if a COLA between 2.0% and 2.5% is provided in 2024.

There is another factor that could impact the Board's determination of the COLA for 2024: At the September Board Meeting the Board will also be called up to determine if you wish to allocate up to 0.50% of the employer pension contribution to the Health Care Fund. Factors the Board may want to consider in that regard include:

- Unlike the Pension Fund, the Health Care Fund does not smooth investment returns over a four year period. Rather, the return for each year is immediately recognized. Accordingly, the 7.39% return for

the past year will be fully integrated into the Health Care Fund valuation as of June 30, 2023.

- The funded ratio of the Health Care Fund is projected to remain flat with a 2023 funding ratio of 45.3% compared to 45.36% in 2022.
- The solvency period for the Health Care Fund is projected to remain the same at 33 years (2055).
- The Health Care Fund remains strong relative to historic levels.
- Any funding that moves from the Pension Fund to the Health Care Fund will impact the long-term sustainability of the Pension Fund, including the ability to provide COLAs in the future.

The memorandum presented in July outlining the variables the Board should consider in determining the COLA is attached for your reference.

Finally, please note that STRS will be providing a one-time COLA of 1% in 2024. Most OPERS retirees will receive a 2.3% COLA in 2024.

I hope this information is helpful. Please let me know if you have any questions.



## Memorandum

### **Cavanaugh Macdonald Consulting, LLC**

To: Board of Trustees, School Employee Retirement System of Ohio (SERS)  
From: Todd Green, John Garrett  
Date: 9/11/2023  
Re: Board Consideration of 2024 Annual Cost of Living Adjustments (COLA) Rate

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Under Ohio Revised Code 3309.374, the retirement board may annually increase each allowance, pension, or benefit payable under this chapter by the percentage increase, if any, in the consumer price index, not to exceed 2.5%, as determined by the United States bureau of labor statistics (U.S. city average for urban wage earners and clerical workers (CPI-W)) for the twelve-month period ending on the 30<sup>th</sup> day of June of the immediately preceding calendar year. For the twelve-month period ended June 30, 2023 CPI-W increased 2.3%. Please note, the assumed COLA for valuation purposes is 2.0% and granting a COLA above the assumed rate will increase the actuarial liability of the System greater than the expected amount. However, we have considered various rates of increase in eligible retirement benefit amounts up to 2.5% and find that, in our opinion, a COLA in the 2024 calendar year of 2.3% for eligible retirees and beneficiaries would not result in a material impairment of the actuarial soundness, nor the fiscal integrity, of the System.

We look forward to addressing any questions the Board may have.

## Ohio School Employees' Retirement System COLA Scenario Impact on June 30, 2024 Valuation

- Reflects 7.39% Rate of Return on Market Value of Assets for Year Ended June 30, 2023 and 2.5% COLA for 2023 Calendar Year
- Estimated Funded Ratio as of June 30, 2023 is 77.5%

2023/2024 Market Value Return	Projected Results June 30, 2024	2024 COLA										
		0%	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%
<b>0%</b>	<b>Funded Ratio</b>	<b>79.43%</b>	<b>79.37%</b>	<b>79.30%</b>	<b>79.24%</b>	<b>79.17%</b>	<b>79.11%</b>	<b>79.04%</b>	<b>78.98%</b>	<b>78.92%</b>	<b>78.85%</b>	<b>78.79%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-3.14%	-3.14%	-3.14%	-3.15%	-3.15%	-3.15%	-3.15%	-3.15%	-3.16%	-3.16%	-3.16%
<b>1%</b>	<b>Funded Ratio</b>	<b>79.62%</b>	<b>79.55%</b>	<b>79.49%</b>	<b>79.42%</b>	<b>79.36%</b>	<b>79.29%</b>	<b>79.23%</b>	<b>79.17%</b>	<b>79.10%</b>	<b>79.04%</b>	<b>78.97%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-3.11%	-3.11%	-3.11%	-3.11%	-3.12%	-3.12%	-3.12%	-3.12%	-3.12%	-3.12%	-3.13%
<b>2%</b>	<b>Funded Ratio</b>	<b>79.81%</b>	<b>79.74%</b>	<b>79.68%</b>	<b>79.61%</b>	<b>79.55%</b>	<b>79.48%</b>	<b>79.42%</b>	<b>79.35%</b>	<b>79.29%</b>	<b>79.22%</b>	<b>79.16%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-3.08%	-3.08%	-3.08%	-3.08%	-3.08%	-3.09%	-3.09%	-3.09%	-3.09%	-3.09%	-3.10%
<b>3%</b>	<b>Funded Ratio</b>	<b>79.99%</b>	<b>79.93%</b>	<b>79.86%</b>	<b>79.80%</b>	<b>79.73%</b>	<b>79.67%</b>	<b>79.60%</b>	<b>79.54%</b>	<b>79.47%</b>	<b>79.41%</b>	<b>79.35%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-3.05%	-3.05%	-3.05%	-3.05%	-3.05%	-3.06%	-3.06%	-3.06%	-3.06%	-3.06%	-3.07%
<b>4%</b>	<b>Funded Ratio</b>	<b>80.18%</b>	<b>80.12%</b>	<b>80.05%</b>	<b>79.98%</b>	<b>79.92%</b>	<b>79.85%</b>	<b>79.79%</b>	<b>79.73%</b>	<b>79.66%</b>	<b>79.60%</b>	<b>79.53%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-3.02%	-3.02%	-3.02%	-3.02%	-3.02%	-3.03%	-3.03%	-3.03%	-3.03%	-3.03%	-3.04%
<b>5%</b>	<b>Funded Ratio</b>	<b>80.37%</b>	<b>80.30%</b>	<b>80.24%</b>	<b>80.17%</b>	<b>80.11%</b>	<b>80.04%</b>	<b>79.98%</b>	<b>79.91%</b>	<b>79.85%</b>	<b>79.78%</b>	<b>79.72%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-2.99%	-2.99%	-2.99%	-2.99%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.00%	-3.01%
<b>6%</b>	<b>Funded Ratio</b>	<b>80.56%</b>	<b>80.49%</b>	<b>80.42%</b>	<b>80.36%</b>	<b>80.29%</b>	<b>80.23%</b>	<b>80.16%</b>	<b>80.10%</b>	<b>80.03%</b>	<b>79.97%</b>	<b>79.90%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-2.96%	-2.96%	-2.96%	-2.96%	-2.97%	-2.97%	-2.97%	-2.97%	-2.98%	-2.98%	-2.98%
<b>7%</b>	<b>Funded Ratio</b>	<b>80.74%</b>	<b>80.68%</b>	<b>80.61%</b>	<b>80.55%</b>	<b>80.48%</b>	<b>80.42%</b>	<b>80.35%</b>	<b>80.28%</b>	<b>80.22%</b>	<b>80.15%</b>	<b>80.09%</b>
	Benefit Payments	\$1,494,735,893	\$1,495,106,110	\$1,495,476,327	\$1,495,846,544	\$1,496,216,760	\$1,496,586,977	\$1,496,957,193	\$1,497,327,410	\$1,497,697,627	\$1,498,067,844	\$1,498,438,060
	Contributions	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593	\$955,767,593
	Cash Flow	(\$538,968,300)	(\$539,338,517)	(\$539,708,734)	(\$540,078,951)	(\$540,449,167)	(\$540,819,384)	(\$541,189,600)	(\$541,559,817)	(\$541,930,034)	(\$542,300,251)	(\$542,670,467)
	Negative CF %	-2.93%	-2.93%	-2.93%	-2.94%	-2.94%	-2.94%	-2.94%	-2.94%	-2.95%	-2.95%	-2.95%

# Ohio School Employees' Retirement System

COLA Scenario Impact on Projected Funded Ratio  
 Reflects 7.39% Rate of Return on Market Value of Assets for Year  
 Ended June 30, 2023  
 and 2.5% COLA for 2023 Calendar Year

**Estimated Funded Ratio as of June 30, 2023 is 77.5%**

June 30,	2.00%	2.25%	2.50%
2022	75.48%	75.48%	75.48%
2023	77.52%	77.46%	77.40%
2024	80.22%	80.15%	80.09%
2025	79.72%	79.65%	79.58%
2026	81.03%	80.96%	80.88%
2027	82.26%	82.18%	82.10%
2028	83.52%	83.43%	83.34%
2029	84.80%	84.70%	84.61%
2030	86.11%	86.01%	85.91%
2031	87.47%	87.36%	87.26%
2032	88.88%	88.76%	88.65%
2033	90.34%	90.22%	90.10%
2034	91.00%	90.88%	90.77%
2035	91.69%	91.58%	91.48%
2036	92.41%	92.32%	92.23%
2037	93.18%	93.10%	93.01%
2038	93.99%	93.92%	93.84%
2039	94.85%	94.78%	94.72%
2040	95.76%	95.71%	95.65%
2041	96.73%	96.69%	96.65%
2042	97.75%	97.72%	97.69%
2043	98.84%	98.82%	98.81%
2044	99.99%	99.99%	99.99%
2045	99.97%	99.97%	99.97%
2046	99.97%	99.97%	99.97%
2047	99.97%	99.97%	99.97%
2048	99.97%	99.97%	99.97%
2049	99.97%	99.97%	99.97%
2050	99.97%	99.97%	99.97%
2051	99.96%	99.97%	99.97%
2052	99.96%	99.96%	99.96%

**SERS COLA - 2024**

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ that eligible SERS allowances, pensions and benefits shall receive a 2.30% cost-of-living adjustment (COLA) in calendar year 2024, which is the amount as set forth in R.C. 3309.374(B).

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

**SERS COLA - 2024**

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ that eligible SERS allowances, pensions and benefits shall receive a 2.00% cost-of-living adjustment (COLA) in calendar year 2024 as SERS' actuary, Cavanaugh Macdonald, has determined pursuant to R.C. 3309.374(G) that a 2.00% COLA is necessary to preserve the fiscal integrity of the retirement system.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

# Memo

To: Retirement Board  
From: Richard Stensrud, Executive Director  
Date: September 13, 2023  
Re: Possible Allocation from Employer Pension Contribution to Health Care Fund

---

SERS' actuary, Cavanaugh Macdonald Consulting, has provided preliminary calculations of the funding levels of the Pension Fund and Health Care Fund to assist the Board in determining what portion of the employer pension contribution, if any, should be allocated to the Health Care Fund in Fiscal Year 2024. Per SERS' Funding Policy, if the funded ratio is 70% but less than 80%, at least 13.50% of the employer contribution shall be allocated to SERS' basic benefits, but in the Board's discretion, the remaining 0.5% can be allocated to the Health Care Fund,.

Based on the 7.39% investment return for the fiscal year just ended, the actuary projects that as of June 30, 2023, the Pension Fund funded ratio will be approximately 77.5% and the Health Care Fund funded ratio will be approximately 45.3%. In addition, the actuary projects Health Care Fund solvency through 2055, which is unchanged from the prior year.

The preliminary Health Care fund balance on June 30, 2023, is \$681.0 million, which is pending final investment valuation adjustments for alternative investments. This is above the balance of the Health Care Fund last year at this time. Two factors that will positively impact the Health Care Fund balance are: (1) The annual employer health care surcharge (approximately \$57.45 million) which was billed in August; and (2) A \$43.1 million refund from Aetna under the 'risk sharing' arrangement with Aetna.

Please note that final numbers may change in the June 30, 2023 Health Care valuation based on new healthcare premiums and census data.

**Actuarial Valuation Report - Allocation of Employer Contributions – Health Care Fund**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that after discussion with SERS' actuary, Cavanaugh Macdonald, regarding the preliminary results of the annual basic benefits valuation (to be prepared as of June 30, 2023) at the September 2023 Board meeting, the Board elects to allocate \_\_\_\_ % of the 14% employer contribution to the Health Care Fund for fiscal year 2024 in accordance with the funding policy approved by the Board on June 18, 2015.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

# Memo

**To:** SERS Retirement Board  
**From:** Richard Stensrud, Executive Director  
**cc:** Marni Hall, Chief Financial Officer  
**Date:** September 13, 2023  
**Re:** Employer Health Care Surcharge Minimum Compensation Amount

---

At the November 2022 Board meeting, the Board approved a resolution accepting the recommendation of SERS's actuary, Cavanaugh Macdonald Consulting, LLC, to establish \$25,000 as the minimum compensation amount for purposes of the fiscal year 2024 Employer Health Care surcharge.

After reviewing the fiscal year 2023 surcharge file projected forward to 2024, the actuary is recommending that SERS increase the 2023-2024 fiscal year minimum compensation amount to \$30,000.

In addition, they are recommended \$30,000 as the minimum compensation amount for the fiscal year 2025 Health Care surcharge.

The recommendation is based on:

- Current Board discussions regarding SERS compensation rules
- Compensation increases by employers to remain competitive in the job market
- Revised data after uncertainties in 2022 coming off the COVID-19 pandemic

Please note that the recommended change in the minimum compensation amount is for prospective application only and that no retroactive change/correction to a previous surcharge is necessary.

Cavanaugh Macdonald Consulting, LLC will be available by zoom at the September Board Meeting to answer any questions.

Please let me know if you have any questions.



# Cavanaugh Macdonald

CONSULTING, LLC

*The experience and dedication you deserve*

September 8, 2023

Mr. Richard Stensrud  
Executive Director  
School Employees Retirement System of Ohio  
300 East Broad Street, Suite 100  
Columbus, OH 43215-3746

Dear Mr. Stensrud:

As you know, Section 3309.491 of the Ohio Revised Code requires the actuary to calculate a surcharge level (minimum compensation amount) that will help fund the retiree health care program provided by SERS. Although not specified in statute, the surcharge level has historically been set so as to help reach the Board of Trustees' funding policy goal with regard to retiree health care.

The current funding goal is the achievement of at least a 20-year solvency period in the Health Care Fund. We have interpreted that to mean that the surcharge should be set so as to ensure the Fund is not depleted before 20 years have elapsed but may reach zero at some point after that.

The current surcharge level is \$25,000 for the 2023-2024 fiscal year, which was estimated based on data available last year. After review of the fiscal year 2023 surcharge file provided by staff projected forward to 2024 and due to limitations in the data described below and on the on the next pages, combined with uncertainty of future school employee membership levels, wage increases and days worked due to ramp up from the COVID-19 pandemic, we recommend **increasing the 2023-2024 fiscal year surcharge required level to \$30,000.**

**For the 2024-2025 fiscal year, our calculations show that the level of \$30,000 would meet the stated funding policy goal** based on the same data and assumptions used to revise the 2023-2024 fiscal year surcharge required level as described on the following pages projected to 2025.



Mr. Richard Stensrud  
September 8, 2023  
Page 2

These calculated amounts are based on the assumption that the employer contributions to the Health Care Fund is 0.00%.

Since discussion of compensation increases have been presented in order for SERS to remain competitive in the current job market, we built in some additional consideration in our payroll projections. Based upon the limits as defined in Section 3309.491(B), the surcharge contributions made by each employer cannot exceed 2.00% of that employer's payroll, and, in the aggregate, the surcharge contributions cannot be more than 1.50% of the total System payroll. Even at our recommended level of \$30,000, it is expected that the actual surcharge contributions would once again be limited to 1.50% of total System payroll for both fiscal years. Depending on the mix of members with earnings under the required surcharge as distributed by employer, the limit of 2% of each employer's payroll could potentially be applied to further limit the overall collected surcharge amount to less than 1.50% of overall payroll if the surcharge limit is set too low. Because of this we built some margin into the recommended level

A description of our methodology used to calculate the surcharge level is as follows:

- For all active employees as of the valuation date of June 30, 2022, we projected the reported 2021-2022 fiscal year earnings forward to fiscal year 2023-2024 and 2024-2025 using the salary scale assumption for each individual. To account for any across the board salary increases, we then applied an additional 4% increase.
- Using the fiscal year 2023 surcharge file provided by staff which shows total payroll for each employer, we estimated the impact of the 2% per employer limit in the collected surcharge amounts for both fiscal year 2023-2024 and fiscal year 2024-2025.
- We assumed that the employer contributions to the Health Care Fund would be 0.00%.
- We rolled the June 30, 2023 Health Care Fund preliminary assets forward using the assumed investment return of 7.00% and projected benefit payments from the valuation. Assuming employer contributions to the Fund are 1.50% of payroll every year starting in 2025, we projected that the Fund would remain solvent for at least 20 years.



Mr. Richard Stensrud  
September 8, 2023  
Page 3

- We assumed the surcharge would be prorated for members who were reported working less than 120 days for fiscal year 2021-2022. The contributions were not assumed to be collected on behalf of school board members. We calculated the amount that would be contributed on behalf of each member by taking 14% of the difference between the minimum compensation level and the amount of projected earnings and prorating the contribution based on fiscal year 2021-2022 service, if applicable. To account for potential deviation in the data between now and fiscal year 2024-2025, we solved for the minimum compensation level that would provide projected contributions totaling \$78.0 million or 1.75% of projected payroll. We did not apply the caps to this calculation.
- Limitations of our methodology:
  - We are using active data at the snapshot date of June 30, 2022 and projecting forward. We did not include members who terminated during the 2021-2022 fiscal year or members who are hired after June 30, 2022.
  - We assumed each active member's service amount would stay the same as in the June 30, 2022 data and the surcharge amount will be prorated similarly, if applicable.
  - Depending on the mix of members with earnings under the required surcharge by employer, the limit of 2% of each employer's payroll could potentially be applied to limit the overall collected surcharge amount to less than 1.50% of overall payroll if the surcharge limit is set too low.

Please feel free to call if you have any questions or wish to discuss our calculation methodology.

Sincerely,

A handwritten signature in blue ink that reads "Alisa Bennett".

Alisa Bennett, FSA, EA, FCA, MAAA  
President

A handwritten signature in blue ink that reads "Beverly V. Bailey".

Beverly V. Bailey, ASA, EA, FCA, MAAA  
Senior Actuary

**HEALTH CARE SURCHARGE MINIMUM COMPENSATION AMOUNT FOR FY2024**  
**(AMENDED)**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded to amend the resolution passed at the November 2022 Board Meeting that established \$25,000 as the minimum compensation amount for purposes of the fiscal year 2024 Health Care surcharge and instead set forth \$30,000 as the minimum compensation amount for purposes of the Fiscal Year 2024 Health Care surcharge. The amended minimum compensation amount is recommended by SERS' actuary, Cavanaugh Macdonald, and in approving the amended minimum compensation amount the Board accepts the actuary's recommendation.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

**HEALTH CARE SURCHARGE MINIMUM COMPENSATION AMOUNT FOR FY2025**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion to accept the recommendation of SERS's actuary, Cavanaugh Macdonald, and establish \$30,000 as the minimum compensation amount for purposes of the Fiscal Year 2025 Health Care surcharge.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

# Finance Headline News – Sept 2023



- Budget Administration
  - FY24 SERS administrative expenses are tracking under budget after two months
- The following detailed reports are attached for further analysis:
  - FY23 Budget Administrative expense reports
    - Final Budget Analysis for SERS and OSERS Broad Street through June 2023
  - FY24 Budget Administrative expense reports
    - Administrative expense summary for July and August 2023
    - Administrative expense detail for July and August 2023
    - Parameters report for July and August 2023
  - Financial highlights
    - As of June and July 2023 (preliminary)

**School Employees Retirement System of Ohio  
Year-End Budget Analysis  
Fiscal Year Ended June 30, 2023**

	FY2022 Actual	FY23		Actual to Budget %	Budget to Actual Under/(Over)	Notes
		Actual	Budget			
<b>PERSONNEL SERVICES</b>	<b>23,693,857</b>	<b>23,904,677</b>	<b>24,392,195</b>	<b>98%</b>	<b>487,518</b>	Note 1
Salaries & Wages	16,812,893	18,711,412	17,783,788	105%	(927,624)	
PERS Retirement Contributions	2,243,212	2,452,580	2,389,275	103%	(63,305)	
Benefits	4,637,752	2,740,685	4,219,132	65%	1,478,447	
<b>PROFESSIONAL SERVICES</b>	<b>6,334,695</b>	<b>5,736,271</b>	<b>6,502,883</b>	<b>88%</b>	<b>766,612</b>	
Actuarial Advisors	278,054	373,710	421,008	89%	47,298	
Audit Services	205,718	186,971	244,000	77%	57,029	
Banking Fees	1,285,192	1,206,174	1,268,466	95%	62,292	
Investment Related	2,541,225	2,435,829	2,664,622	91%	228,793	Note 2
Medical	45,000	45,000	45,000	100%	-	
Technical	1,979,506	1,488,587	1,859,787	80%	371,200	Note 3
<b>COMMUNICATIONS EXPENSE</b>	<b>888,091</b>	<b>1,007,460</b>	<b>1,011,873</b>	<b>100%</b>	<b>4,413</b>	
Postage	545,502	608,330	624,169	97%	15,839	
Telecommunications Services	227,425	254,255	264,184	96%	9,929	
Member/Employer Education	2,202	12,597	18,020	70%	5,423	
<b>OTHER OPERATING EXPENSE</b>	<b>3,339,665</b>	<b>3,503,200</b>	<b>3,912,379</b>	<b>90%</b>	<b>409,179</b>	
Computer Support Services	2,196,691	2,128,534	2,343,770	91%	215,236	Note 4
Office Equipment & Supplies	144,011	161,573	157,688	102%	(3,885)	
Training	80,913	115,617	230,451	50%	114,834	Note 5
Transportation & Travel	93,982	164,313	209,234	79%	44,921	
Memberships Subscriptions	163,090	177,093	187,933	94%	10,840	
Property & Mgmt. Liability Insurance	443,027	519,591	518,000	100%	(1,591)	
Maintenance	66,998	52,339	73,400	71%	21,061	
Staff Support	106,445	127,011	127,363	100%	352	
School District Reimbursement	6,105	8,743	12,540	70%	3,797	
Mandatory Costs- ORSC	38,403	48,386	52,000	93%	3,614	
<b>TOTAL DEPARTMENT EXPENSES</b>	<b>34,256,308</b>	<b>34,151,608</b>	<b>35,819,330</b>	<b>95%</b>	<b>1,667,722</b>	
<b>ADMINISTRATIVE CAPITAL</b>	<b>132,502</b>	<b>54,181</b>	<b>54,109</b>	<b>100%</b>	<b>(72)</b>	
Computer Hardware > \$5,000	132,502	54,181	54,109	100%	(72)	
<b>TOTAL SERS ADMINISTRATIVE EXPENSES</b>	<b>34,388,810</b>	<b>34,205,789</b>	<b>35,873,439</b>	<b>95%</b>	<b>1,667,650</b>	
<b>NET BUILDING OCCUPANCY EXPENSE</b>	<b>800,066</b>	<b>1,331,589</b>	<b>1,813,137</b>	<b>73%</b>	<b>481,548</b>	Note 6
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>35,188,876</b>	<b>35,537,378</b>	<b>37,686,576</b>	<b>94%</b>	<b>2,149,198</b>	

**Note 1: Personnel Services** - Personnel Services finished fiscal year 2023 under budget due to offsetting reasons. FY2023 included 27 pay periods, which occurs once every eleven years. Medical claims/expense finished under budget after FY2022 higher claimants rolled off the SERS plan.

**Note 2: Investment Related** - Master Record Keeping fees were under budget due to lower asset values the first half of FY2023. In addition, the Akia contract was renegotiated saving \$125,000.

**Note 3: Technical** - FY23 actuals trended lower than budget due to contract modifications, lower usage of Sagitec resources, and CBBC legislative delays impacting project development.

**Note 4: Computer Support** - Planned software maintenance and subscription purchases cost less than expected.

**Note 5: Training** - Although In person training increased, virtual opportunities continued post COVID-19 pandemic.

**Note 6: Net Building Occupancy** - FY23 budget included tenant improvements and new tenant renovations which were not needed in the current external leasing environment.

## OSERS Broad Street Financials (For the year ending June 30, 2023)

	FY2022 Actuals	FY2023 Budget	FY2023 Actuals	Notes
Suite & Related Income	824,869	498,527	490,302	
Parking Income	181,276	161,515	212,775	
	<b>1,006,145</b>	<b>660,042</b>	<b>703,077</b>	
Property Management & Labor	305,000	305,000	305,000	
Administrative Services	15,111	6,700	6,365	
Building Maintenance	999,440	1,065,599	1,062,340	
Utilities	367,701	401,380	323,827	1
Building & Equipment Insurance	84,975	110,000	71,396	2
Real Estate Taxes	286,835	288,000	285,677	
	<b>2,059,062</b>	<b>2,176,679</b>	<b>2,054,605</b>	
Lease Commission Fees	-	54,500	10,612	
Special Counsel Fees	2,475	5,000	1,556	
Public Relations Fees	24,565	-	-	
Building Remodeling	25,110	267,000	6,805	3
	<b>52,150</b>	<b>326,500</b>	<b>18,973</b>	
Furniture & Equipment >\$5,000	-	-	-	
Leasehold Improvements	-	275,000	266,088	
<b>TOTAL NET EXPENSE</b>	<b>\$1,105,067</b>	<b>\$2,118,137</b>	<b>\$1,636,589</b>	

**Note 1** – Actual electricity expenses finished FY2023 lower than expected.

**Note 2** – A new vendor was selected for insurance who offered lower rates.

**Note 3** – **Building remodeling** was budgeted at a reduced amount from prior years. The budget intent was to have dollars available to retain existing tenants or build out space if there was an interest for a smaller space. For FY2023 these funds were not required. Actual expenses include drawing plans for Genesis.

School Employees Retirement System of Ohio  
REVIEW OF ADMINISTRATIVE EXPENSES  
Jul-23

Expense Account	Vendor	Amount
53100 - Salaries & Wages	ADP, LLC	1,128,204.07
		Subtotal 1,128,204.07
53110 - Salaries & Wages - Overtime	ADP, LLC	1,162.78
		Subtotal 1,162.78
53111 - Vacation Leave Expense	ADP, LLC	106,907.62
		Subtotal 106,907.62
53112 - Sick Leave Expense	ADP, LLC	202,100.01
		Subtotal 202,100.01
53200 - Employer Contributions - PERS	ADP, LLC	188,898.43
		Subtotal 188,898.43
53300 - Group Life	American United Life Insurance Company	9,467.22
		Subtotal 9,467.22
53310 - Long Term Disability	American United Life Insurance Company	3,399.29
		Subtotal 3,399.29
53315 - Short Term Disability	American United Life Insurance Company	2,612.59
		Subtotal 2,612.59
53320 - Group Health Claims	Aetna Daily Wires - ESERS	182,526.30
		Subtotal 182,526.30
53321 - Group Health - Admin Fees	Aetna Admin - ESERS	7,421.57
		Subtotal 7,421.57
53322 - Prescription Claims	Express Scripts - ESERS	83,109.95
		Subtotal 83,109.95
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS	17,513.04
		Subtotal 17,513.04
53326 - Vision Claims	VSP - (OH)	2,572.90
		Subtotal 2,572.90
53327 - Vision Admin Fees	VSP - (OH)	121.68
		Subtotal 121.68
53330 - Group Health - Employee Cost	Employee Premiums	(32,592.96)
		Subtotal (32,592.96)
53331 - Group Health - Wellness Incentive	ADP, LLC	3,835.00
		Subtotal 3,835.00
53332 - Group Health - Tobacco Premiums	ADP, LLC	(680.00)
		Subtotal (680.00)
53335 - Federal HC Admin. Fees	ADP, LLC	1,269.00
		Subtotal 1,269.00
53340 - Medicare Premium - Employer	ADP, LLC	20,829.97
	ADP, LLC	(0.01)
		Subtotal 20,829.96
53350 - Workers Compensation	Ohio Bureau Of Workers Compensation	2,542.00
		Subtotal 2,542.00
53380 - Deferred Compensation Match	ADP, LLC	4,740.00
		Subtotal 4,740.00
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC	12,000.00
		Subtotal 12,000.00
54200 - Audit	Treasurer of State of Ohio	850.00

		Subtotal	850.00
54310 - Custodial Fees	BNY Mellon Asset Servicing	Subtotal	86,128.58
			86,128.58
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing	Subtotal	86,666.67
			86,666.67
54420 - Investment Advisory Fees	Wilshire/Aksia	Subtotal	43,869.86
			43,869.86
54430 - Performance/Analytics Fee	BNY Mellon Asset Servicing		34,431.66
	Barra LLC		59,611.25
	Berger, Mike- Apostille Reimbursement		30.00
		Subtotal	94,072.91
54445 - Class Action Fees	BNY Mellon Asset Servicing	Subtotal	88,657.45
			88,657.45
54520 - Medical Consultant	Borchers, M.D., Glen G.	Subtotal	3,750.00
			3,750.00
54620 - Technical	Velosio	Subtotal	306.25
			306.25
54630 - Other Professional Services	Gartner, Inc		97,460.00
	Vorys Advisors LLC		3,666.66
	Contoural, Inc.		138.50
	VitalSmarts, LC		440.00
	Steven R. Edwards		3,000.00
		Subtotal	104,705.16
55100 - Postage	Notifii LLC		237.00
	Pitney Bowes Inc.		786.75
	Unishippers Association		808.44
		Subtotal	1,832.19
55200 - Telecommunications Services	Verizon Wireless		161.70
	Black Box Network Services		51,656.00
	Nextel Communications		55.49
	AT&T		40.10
	LUMEN		3,132.11
	Spectrum		2,003.34
	Everstream Solutions LLC		1,376.00
	XO Verizon		3,650.12
		Subtotal	62,074.86
55300 - Member/Employer Education	Employer Training Fees		(30.00)
	OCLC Inc		2,229.13
		Subtotal	2,199.13
55400 - Printing Paper	Sterling Paper Company	Subtotal	6,812.40
			6,812.40
56020 - Hardware Maintenance	Radiant Technology	Subtotal	24,750.00
			24,750.00
56030 - Software Maintenance	Embarcadero Technologies, Inc		1,248.00
	Hyland Software, Inc.		117,916.85
	Entrust Corporation		15,191.00
		Subtotal	134,355.85
56035 - Software Subscriptions	CarahSoft Technology Corp		125,911.80
	Wellable LLC		465.40
	Expedient		13,380.40
	LogicManager, Inc.		39,565.94
	Dynamo Software, Inc.		199,940.00
	Amazon Web Services		11.72
		Subtotal	379,275.26
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc		619.59
	Digital Print Solutions		1,185.44
	Canon Financial Services, Inc		2,191.27
	LD Products Inc.		427.12
	Quadient		3,225.00
	US Bank Equipment Finance		1,757.96
		Subtotal	9,406.38
56160 - Records Storage	Vital Records Holdings, LLC	Subtotal	3,634.35
			3,634.35

56210 - Seminars & Conferences	CFA Institute		900.00
		Subtotal	900.00
53370 - Tuition	Hartsell, Darin		2,144.00
		Subtotal	2,144.00
56310 - Travel & Transportation	Fifth Third Bank - Garside NCPERS		443.96
	Price, Steve		370.83
	Rosler, James		304.10
	Haller, James		370.80
	Phillips, Barbra		424.31
	Moss, Catherine		478.88
	Wilson, Daniel L.		317.20
	King, Matt		429.49
	Weglarz, Frank		550.29
	Lee, Cory		15.00
	Russell, Aimee		349.06
		Subtotal	4,053.92

56410 - Subscriptions	Hannah News Service		6,599.00
	Money-Media, Inc		4,120.00
	Dow Jones & Company, Inc.		5,293.16
	Currency Research Associates LLC		1,250.00
		Subtotal	17,262.16
56420 - Memberships	American Marketing Association		224.00
	Treasurer, State of Ohio		450.00
	Le, Hai Yen- CFA Membership		459.00
	Beamer, George- PMP and ISC Memberships		185.00
	CFA Institute		1,377.00
	Masri, Judi- CFA Membership		459.00
	Ohio Ethics Commission		120.00
	Messerschmitt, Adam- CFA Membership		459.00
	Berger, Mike- CFA Institute Dues		299.00
		Subtotal	4,032.00
56510 - Management Liability Insurance	ARC Excess & Surplus, LLC.		133,279.00
		Subtotal	133,279.00
56610 - Operations Maintenance	South Central Power Company		33.00
		Subtotal	33.00
56630 - Interior Landscaping	Ambius Inc. (05)		1,366.37
		Subtotal	1,366.37
56640 - Vehicle Expense	CNA Insurance		1,630.20
		Subtotal	1,630.20
56620 - Staff Support	Cintas Corporation		513.68
	ADP, LLC		3,413.00
	Premier ProduceOne		293.45
	PayFlex Systems USA, Inc.		336.00
	Chenault, Jason- new employee lunch		45.64
	Flanagan, Michael- new employee lunch		129.84
	Aetna Behavioral Health, LLC		282.60
	Acorn Distributors Inc.		63.22
		Subtotal	5,077.43
56621 - Recruiting Expense	ADP Screening & Selection Services		309.82
		Subtotal	309.82
56820 - Ohio Retirement Study Council	Ohio Retirement Study Council		15,872.90
		Subtotal	15,872.90
56900 - Reimbursement of Leased Svcs	Reimbursement of Leased Services		(25,416.67)
		Subtotal	(25,416.67)
	Total SERS Administrative Expense		3,241,851.88

## School Employees Retirement System of Ohio

Summary of administrative operation expenses during the period July 1, 2023-July 31, 2023.

Actuals

Jul-2023

<b>Account</b>	<b>Amount</b>
Salaries & Wages	1,128,204.07
Salaries & Wages- Overtime	1,162.78
Vacation Leave Expense	106,907.62
Sick Leave Expense	202,100.01
Employer Contributions- PERS	188,898.43
Group Life	9,467.22
Long Term Disability	3,399.29
Short Term Disability	2,612.59
Group Health Claims	182,526.30
Group Health- Admin Fees	7,421.57
Prescription Claims	83,109.95
Group Health- Stop Loss Admin	17,513.04
Vision Claims	2,572.90
Vision Admin Fees	121.68
Group Health- Employee Cost	(32,592.96)
Group Health- Wellness Incentive	3,835.00
Group Health- Tobacco Premiums	(680.00)
Federal HC Admin. Fees	1,269.00
Medicare Premium- Employer	20,829.96
Workers Compensation	2,542.00

Deferred Compensation Match	4,740.00
Actuarial Services	12,000.00
Audit	850.00
Custodial Fees	86,128.58
Master Recordkeeper Fees	86,666.67
Investment Advisory Fees	43,869.86
Performance/ Analytics Fee	94,072.91
Class Action Fees	88,657.45
Medical Consultant	3,750.00
Technical	306.25
Other Professional Services	104,705.16
Postage	1,832.19
Telecommunications Services	62,074.86
Member/Employer Education	2,199.13
Printing Paper	6,812.40
Hardware Maintenance	24,750.00
Software Maintenance	134,355.85
Software Subscriptions	379,275.26
Equipment Repairs & Maintenance	9,406.38
Records Storage	3,634.35
Seminars & Conferences	900.00
Tuition	2,144.00
Travel & Transportation	4,053.92
Subscriptions	17,262.16
Memberships	4,032.00

Management and Liability Insurance	133,279.00
Operations Maintenance	33.00
Interior Landscaping	1,366.37
Vehicle Expense	1,630.20
Staff Support	5,077.43
Recruiting Expense	309.82
Ohio Retirement Study Council	15,872.90
Reimbursement of Leased Svcs.	(25,416.67)
<b>Total Administrative Expenses</b>	<b>3,241,851.88</b>

School Employees Retirement System of Ohio  
REVIEW OF ADMINISTRATIVE EXPENSES  
Aug-23

Expense Account	Vendor	Amount
53100 - Salaries & Wages	ADP, LLC	1,150,060.70
	Subtotal	1,150,060.70
53110 - Salaries & Wages - Overtime	ADP, LLC	2,420.42
	Subtotal	2,420.42
53111 - Vacation Leave Expense	ADP, LLC	130,344.85
	Subtotal	130,344.85
53112 - Sick Leave Expense	ADP, LLC	39,458.63
	Subtotal	39,458.63
53200 - Employer Contributions - PERS	ADP, LLC Ohio Public Emp. Retirement System- adjustment	179,233.61
	Subtotal	179,233.45 (0.16)
53300 - Group Life	American United Life Insurance Company	9,427.84
	Subtotal	9,427.84
53310 - Long Term Disability	American United Life Insurance Company	3,388.07
	Subtotal	3,388.07
53315 - Short Term Disability	American United Life Insurance Company	2,652.00
	Subtotal	2,652.00
53320 - Group Health Claims	Aetna Daily Wires - ESERS	187,405.15
	Subtotal	187,405.15
53321 - Group Health - Admin Fees	Aetna Admin - ESERS	7,374.51
	Subtotal	7,374.51
53322 - Prescription Claims	Express Scripts - ESERS SaveonSP, LLC	97,046.34
	Subtotal	98,821.87 1,775.53
53324 - Group Health - Stop Loss Admin	Aetna Admin - ESERS	17,411.22
	Subtotal	17,411.22
53326 - Vision Claims	VSP - (OH)	2,491.80
	Subtotal	2,491.80
53327 - Vision Admin Fees	VSP - (OH)	120.96
	Subtotal	120.96
53330 - Group Health - Employee Cost	Employee Premiums	(33,108.00)
	Subtotal	(33,108.00)
53331 - Group Health - Wellness Incentive	ADP, LLC	3,995.00
	Subtotal	3,995.00
53332 - Group Health - Tobacco Premiums	ADP, LLC	(715.71)
	Subtotal	(715.71)
53340 - Medicare Premium - Employer	ADP, LLC ADP, LLC- adjustment	17,965.62
	Subtotal	17,965.64 0.02
53380 - Deferred Compensation Match	ADP, LLC	4,785.00
	Subtotal	4,785.00
54100 - Actuarial Services	Cavanaugh MacDonald Consulting, LLC Cavanaugh MacDonald Consulting, LLC	12,000.00
	Subtotal	20,761.00 8,761.00
54200 - Audit	Plante & Moran, PLLC	20,000.00
	Subtotal	20,000.00
54310 - Custodial Fees	BNY Mellon Asset Servicing	65,884.37
	Subtotal	65,884.37
54320 - Custodial Banking	Treasurer of State - Warrants Huntington National Bank	139.02
	Subtotal	13,888.23 13,749.21
54410 - Master Recordkeeper Fees	BNY Mellon Asset Servicing	105,063.43
	Subtotal	105,063.43
54420 - Investment Advisory Fees	Wilshire/Aksia	43,869.86
	Subtotal	43,869.86
54430 - Performance/Analytics Fee	BNY Mellon Asset Servicing Wilshire Advisors, LLC	34,401.66
	Subtotal	37,401.66 3,000.00
54450 - Other Prof. Inv. Related Consulting	Gmei Utility Pension Fund Data Exchange, Ltd	91.00
	Subtotal	1,250.00 1,341.00

54460 - Bloomberg Terminal Rentals	Bloomberg Finance LP		20,295.50
		Subtotal	20,295.50
54520 - Medical Consultant	Borchers, M.D., Glen G.		3,750.00
		Subtotal	3,750.00
54610 - Special Counsel	Ice Miller LLP Seyfarth Shaw LLP		845.00
		Subtotal	6,615.00
			7,460.00
54620 - Technical	Sagitec Solutions, LLC Buck Global, LLC Improving Ohio, Inc.		37,884.00
			9,000.00
			435.00
		Subtotal	47,319.00
54630 - Other Professional Services	Wickert, Kimberly Metro Parks Vorys Advisors LLC CDW-Government, Inc. CPS HR Consulting CMM Digitization Services, LLC		216.00
			768.00
			3,666.66
			82,811.19
			2,000.00
			9,391.00
		Subtotal	98,852.85
55100 - Postage	Pitney Bowes Inc. Columbus Courier & Freight LLC Unishippers Association Quadient FedEx		5,568.45
			270.90
			458.33
			300.20
			33.64
		Subtotal	6,631.52
55200 - Telecommunications Services	Verizon Wireless Black Box Network Services Nextel Communications AT&T LUMEN Spectrum Everstream Solutions LLC XO Verizon		399.34
			70.20
			55.48
			40.10
			3,184.01
			2,009.90
			1,376.00
			1,510.52
		Subtotal	8,645.55
55300 - Member/Employer Education	Employer Training Fees Holman, Carlisa Talbert, Katie Hilton Garden Inn Richards, Michelle		(30.00)
			4.50
			269.44
			1,946.44
			295.72
		Subtotal	2,486.10
55400 - Printing Paper	Sterling Paper Company		323.01
		Subtotal	323.01
55420 - Communications & Publications	Tension Envelope Corporation Millcraft Paper Co.		11,196.89
			3,938.66
		Subtotal	15,135.55
56020 - Hardware Maintenance	Shi International Corp.		10,734.64
		Subtotal	10,734.64
56030 - Software Maintenance	Sagitec Solutions, LLC		35,000.00
		Subtotal	35,000.00
56035 - Software Subscriptions	Canto, Inc. ADP, LLC Liquid Web Inc CDW-Government, Inc. Zoom Mailgun Technologies, Inc Wellable LLC Expedient Amazon Web Services		4,853.77
			3,697.62
			326.57
			23,320.00
			556.81
			3,130.38
			468.00
			13,380.40
			59.88
		Subtotal	49,793.43
56040 - Hardware < \$5,000	Dell Marketing LP		88.29
		Subtotal	88.29
56110 - Equipment Repairs & Maintenance	Ricoh USA, Inc Digital Print Solutions Canon Financial Services, Inc LD Products Inc. Quadient Woodhull US Bank Equipment Finance		1,022.10
			1,229.03
			2,191.27
			545.92
			924.00
			297.98
			1,202.75
		Subtotal	7,413.05
56130 - Office Supplies & Expenses	Staples Business Advantage		634.89
		Subtotal	634.89
56160 - Records Storage	Vital Records Holdings, LLC		125.00
		Subtotal	125.00
56210 - Seminars & Conferences	Columbus Metropolitan Club NASRA NCPERS Event Brite CFA Institute Institute for Natural Resources Kaplan Schweser Columbus Business First		25.00
			1,600.00
			720.00
			1,100.00
			940.00
			64.00
			1,087.75
			1,125.00
		Subtotal	6,661.75

53370 - Tuition	Ceu, Lila		5,250.00
		Subtotal	5,250.00
56310 - Travel & Transportation	Stensrud, Richard		796.37
	Naber, Jason		1,643.74
	Kroger		23.63
	Rossler, James		31.67
	Haller, James		62.50
	Phillips, Barbra		123.72
	Giant Eagle		37.30
	Sam's Club		31.94
	Bell, Joe		12.50
	Moss, Catherine		346.55
	Browning, Michael		844.57
	King, Matt		31.01
	Cheng, Paul		868.04
	ezCater		484.00
	Blackstone		81.40
	Robertson, Megan		23.08
		Subtotal	5,442.02
56311 - Mileage	Naber, Jason		24.76
	Moss, Catherine		62.88
	Browning, Michael		5.63
	Cheng, Paul		11.92
	Russell, Aimee		105.06
		Subtotal	210.25
56410 - Subscriptions	Wall Street Journal		116.97
	Constant Contact		145.00
	Financial Times		660.00
	Toledo Blade		12.99
	Bloomberg.com		415.00
		Subtotal	1,349.96
56420 - Memberships	International Facility Management Association		662.00
	AICPA		680.00
	FS-ISAC Inc		13,000.00
	Supreme Court of Ohio		1,600.00
	Beamer, George		149.43
		Subtotal	16,091.43
56630 - Interior Landscaping	Ambius Inc. (05)		1,366.37
		Subtotal	1,366.37
56640 - Vehicle Expense	Moo Moo Car Wash		7.00
	Sheetz		54.94
		Subtotal	61.94
56620 - Staff Support	ADP, LLC		3,463.00
	Premier ProduceOne		365.80
	Amazon.com		190.00
	PayFlex Systems USA, Inc.		343.00
	Culligan Bottled Water of Columbus		155.86
	Aetna Behavioral Health, LLC		282.60
	Acorn Distributors Inc.		870.71
	Cuyahoga Franklin Group		1,191.74
		Subtotal	6,862.71
56621 - Recruiting Expense	CFA Society of Columbus		100.00
	ADP Screening & Selection Services		129.86
	Indeed		500.07
		Subtotal	729.93
56900 - Reimbursement of Leased Svcs	Reimbursement of Leased Services		(25,416.67)
		Subtotal	(25,416.67)
	Total SERS Administrative Expense		2,465,041.02

**School Employees Retirement System of Ohio**

Summary of administrative operation expenses during the period **August 1, 2023-August 31, 2023.**

Actuals  
Aug-2023

<b>Account</b>	<b>Amount</b>
Salaries & Wages	1,150,060.70
Salaries & Wages- Overtime	2,420.42
Vacation Leave Expense	130,344.85
Sick Leave Expense	39,458.63
Employer Contributions- PERS	179,233.45
Group Life	9,427.84
Long Term Disability	3,388.07
Short Term Disability	2,652.00
Group Health Claims	187,405.15
Group Health- Admin Fees	7,374.51
Prescription Claims	98,821.87
Group Health- Stop Loss Admin	17,411.22
Vision Claims	2,491.80
Vision Admin Fees	120.96
Group Health- Employee Cost	(33,108.00)
Group Health- Wellness Incentive	3,995.00
Group Health- Tobacco Premiums	(715.71)
Medicare Premium- Employer	17,965.64
Deferred Compensation Match	4,785.00
Actuarial Services	20,761.00
Audit	20,000.00

Custodial Fees	65,884.37
Custodial Banking	13,888.23
Master Recordkeeper Fees	105,063.43
Investment Advisory Fees	43,869.86
Performance/ Analytics Fee	37,401.66
Other Prof. Inv. Related Consulting	1,341.00
Bloomberg Terminal Rentals	20,295.50
Medical Consultant	3,750.00
Special Counsel	7,460.00
Technical	47,319.00
Other Professional Services	98,852.85
Postage	6,631.52
Telecommunications Services	8,645.55
Member/Employer Education	2,486.10
Printing Paper	323.01
Communications & Publications	15,135.55
Hardware Maintenance	10,734.64
Software Maintenance	35,000.00
Software Subscriptions	49,793.43
Hardware < \$5,000	88.29
Equipment Repairs & Maintenance	7,413.05
Office Supplies & Expenses	634.89
Records Storage	125.00
Seminars & Conferences	6,661.75
Tuition	5,250.00
Travel & Transportation	5,442.02
Mileage	210.25

Subscriptions	1,349.96
Memberships	16,091.43
Interior Landscaping	1,366.37
Vehicle Expense	61.94
Staff Support	6,862.71
Recruiting Expense	729.93
Reimbursement of Leased Svcs.	(25,416.67)
<b>Total Administrative Expenses</b>	<b>2,465,041.02</b>

FY2024 Administrative Budget  
Board Expense to Budget Reporting  
Year-to-Date Through July 31, 2023

Major Category/Sub-Major Category	Line Item	Vendor	FY2024 Budget Approved	Year to Date Expense	Additional Information
<b>PROFESSIONAL SERVICES</b>					
	ACTUARIAL ADVISORS		\$ 6,456,304.92	\$ 521,006.88	
	Actuarial	Cavanaugh Macdonald	292,500.00	12,000.00	Actuarial Consultant
	AUDITING		\$ 234,000.00	\$ 850.00	
	Auditing	Plante Moran	184,000.00	-	External Auditor
	BANKING FEES		\$ 1,262,940.00	\$ 86,128.58	
	Custodial Banking		1,068,000.00	86,128.58	
		Fifth Third	336,000.00	35,752.15	Domestic Custodian
		BNYM	732,000.00	50,376.43	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	194,940.00	-	Banking Services
	INVESTMENT RELATED		\$ 2,465,348.92	\$ 313,266.89	
	Master Recordkeeper		1,056,000.00	86,666.67	
	Investment Consulting & Advisory Services		525,000.00	43,869.86	
		Wilshire	450,000.00	37,500.00	Investment Consulting
	Performance Analytics Services		703,264.92	94,072.91	
		Barra-One Risk Mgmt Sys	238,445.00	59,611.25	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	34,431.66	Investment Performance Analytics
	TECHNICAL		\$ 2,156,516.00	\$ 105,011.41	
	Special Counsel		240,000.00	-	
	Technical		1,360,084.00	306.25	
		Merative	121,000.00	-	Data Warehouse
		Sagitec	550,000.00	-	SMART Development Resources
		Waco	105,600.00	-	Service Desk Contract Services
	Other Professional Services		556,432.00	104,705.16	
<b>OTHER OPERATING EXPENSE</b>					
	COMPUTER SUPPORT SERVICES		\$ 2,737,127.33	\$ 538,381.11	
	Software Maintenance		1,047,108.00	134,355.85	
		Hyland	119,061.00	117,916.85	ImageNow
		Dell	290,000.00	-	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	-	SMART Silver Support
	Software Subscriptions		1,444,815.33	379,275.26	
		DRaaS	158,000.00	13,380.40	Expedient
		Dynamo	202,000.00	199,940.00	Dynamo Software, INC
		Carahsoft	124,850.00	125,911.80	ServiceNow System
		UCaaS Vendor- TBD	128,500.00	-	Telecommunication Services
	PROPERTY MANAGEMENT LIABILITY INSURANCE		\$ 582,403.00	\$ 133,279.00	
	Management Liability Insurance		582,403.00	133,279.00	
		Cyber Liability Insurance	190,315.00	88,550.25	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	389,388.00	44,728.75	ARC Excess & Surplus, LLC

**PROJECT ITEMS**

Major Category/Sub-Major Category	Line Item	Project	FY2024 Budget	YTD Expense	Additional Information
<b>PROFESSIONAL SERVICES</b>					
	TECHNICAL				

CBBC Programming

150,000.00

-

CBBC programming

SERS

UNBUDGETED PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2024 Budget	YTD Expense	Expense Reallocation
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OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

Major Category	Line Item	Project	FY2024 Budget	YTD Expense
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FY2024 Administrative Budget  
Board Expense to Budget Reporting  
Year-to-Date Through August 31, 2023

Major Category/Sub-Major Category	Line Item	Vendor	FY2024 Budget Approved	Year to Date Expense	Additional Information
<b>PROFESSIONAL SERVICES</b>			<b>\$ 6,456,304.92</b>	<b>\$ 1,006,893.78</b>	
	ACTUARIAL ADVISORS		\$ 292,500.00	\$ 32,761.00	
	Actuarial	Cavanaugh Macdonald	292,500.00	32,761.00	Actuarial Consultant
	AUDITING		\$ 234,000.00	\$ 20,850.00	
	Auditing	Plante Moran	184,000.00	20,000.00	External Auditor
	BANKING FEES		\$ 1,262,940.00	\$ 165,901.18	
	Custodial Banking		1,068,000.00	152,012.95	
		Fifth Third	336,000.00	46,636.52	Domestic Custodian
		BNYM	732,000.00	105,376.43	International Custodian
	Administrative Banking	Huntington National Bank/ TOS	194,940.00	13,888.23	Banking Services
	INVESTMENT RELATED		\$ 2,465,348.92	\$ 521,238.34	
	Master Recordkeeper		1,056,000.00	191,730.10	
	Investment Consulting & Advisory Services		525,000.00	87,739.72	
		Wilshire	450,000.00	75,000.00	Investment Consulting
	Performance Analytics Services		703,264.92	131,474.57	
		Barra-One Risk Mgmt Sys	238,445.00	59,611.25	Investment Risk Analytics
		BNY Mellon GRS	412,820.00	68,833.32	Investment Performance Analytics
	TECHNICAL		\$ 2,156,516.00	\$ 258,643.26	
	Special Counsel		240,000.00	7,460.00	
	Technical		1,360,084.00	47,625.25	
		Merative	121,000.00	-	Data Warehouse
		Sagitec	550,000.00	37,884.00	SMART Development Resources
		Waco	105,600.00	-	Service Desk Contract Services
	Other Professional Services		556,432.00	203,558.01	
<b>OTHER OPERATING EXPENSE</b>			<b>\$ 4,108,942.43</b>	<b>\$ 834,608.96</b>	
	COMPUTER SUPPORT SERVICES		\$ 2,737,127.33	\$ 633,997.47	
	Software Maintenance		1,047,108.00	169,355.85	
		Hyland	119,061.00	117,916.85	ImageNow
		Dell	290,000.00	-	Microsoft Enterprise Agreement/ True Up
		Sagitec	420,000.00	35,000.00	SMART Silver Support
	Software Subscriptions		1,444,815.33	429,068.69	
		DRaaS	158,000.00	26,760.80	Expedient
		Dynamo	202,000.00	199,940.00	Dynamo Software, INC
		Carahsoft	124,850.00	125,911.80	ServiceNow System
		UCaaS Vendor- TBD	128,500.00	-	Telecommunication Services
	PROPERTY MANAGEMENT LIABILITY INSURANCE		\$ 582,403.00	\$ 133,279.00	
	Management Liability Insurance		582,403.00	133,279.00	
		Cyber Liability Insurance	190,315.00	44,728.75	ARC Excess & Surplus, LLC
		Crime Fiduciary D&O Insurance	389,388.00	88,550.25	ARC Excess & Surplus, LLC

PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2024 Budget	YTD Expense	Additional Information
<b>PROFESSIONAL SERVICES</b>					
	TECHNICAL				
		CBBC Programming	150,000.00	-	CBBC programming

SERS

UNBUDGETED PROJECT ITEMS

Major Category/Sub-Major Category	Line Item	Project	FY2024 Budget	YTD Expense	Expense Reallocation
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OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

Major Category	Line Item	Project	FY2024 Budget	YTD Expense
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# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

## FINANCIAL HIGHLIGHTS

As of June 30, 2023 and 2022

(unaudited)

<b>SERS (All Funds)</b>	<b>6/30/23 YTD</b>	<b>6/30/22 YTD</b>	<b>Comparative Difference</b>	<b>% Difference</b>
<b><u>ADDITIONS</u></b>				
Employer Contributions	\$609,825,711	\$573,711,661	\$36,114,050	6%
Member Contributions	398,907,335	375,838,354	23,068,981	6
Health Care Premiums, Subsidies & Other Income	195,412,005	93,099,461	102,312,544	110
Total Investment Income (Loss), Net	1,123,637,627	(453,798,566)	1,577,436,193	348
<b>TOTAL ADDITIONS</b>	<b>2,327,782,678</b>	<b>588,850,910</b>	<b>1,738,931,768</b>	<b>295</b>
<b><u>DEDUCTIONS</u></b>				
Retirement, Disability, Survivor & Death Benefits	1,369,163,826	1,328,494,107	40,669,719	3
Health Care Expenses	209,737,537	134,795,502	74,942,035	56
Refunds & Transfers	107,465,400	90,207,604	17,257,796	19
Administrative Expenses (excluding Investments)	30,162,967	28,565,319	1,597,648	6
<b>TOTAL DEDUCTIONS</b>	<b>1,716,529,730</b>	<b>1,582,062,532</b>	<b>134,467,198</b>	<b>8</b>
Changes in Net Position	611,252,948	(993,211,622)	1,604,464,570	162
Net Position - Beginning	17,574,319,449	18,440,611,356	(866,291,907)	(5)
<b>SERS Net Position - Ending</b>	<b>\$18,185,572,397</b>	<b>\$17,447,399,734</b>	<b>\$738,172,663</b>	<b>4%</b>

### HEALTH CARE FUND

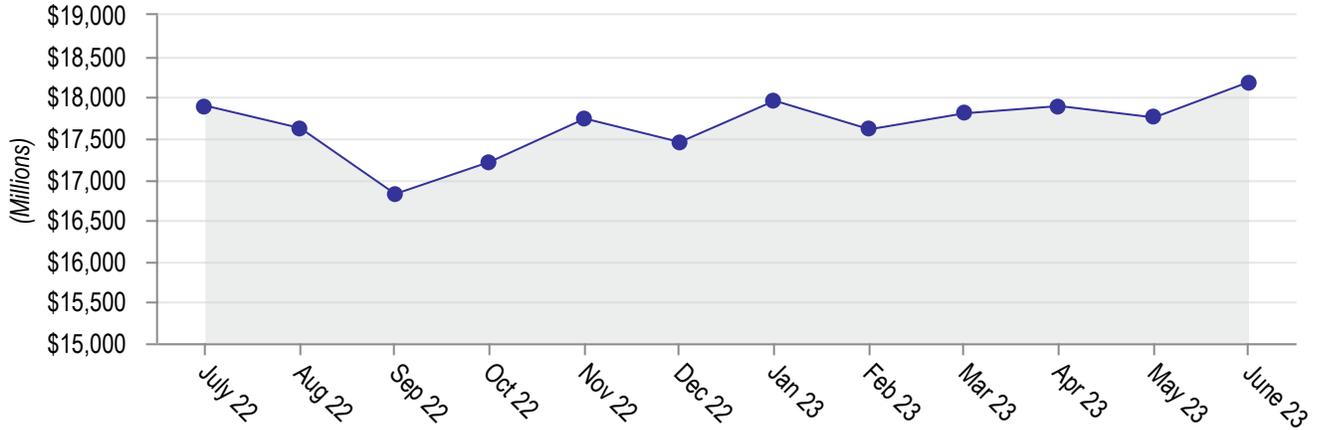
#### HEALTH CARE ADDITIONS

Employer Contributions	\$52,807,656	\$49,173,593	\$3,634,063	7%
Health Care Premiums	60,544,459	62,866,460	(2,322,001)	(4)
Medicare Subsidies & Other Income	134,867,546	30,233,001	104,634,545	346
Total Investment Income (Loss), Net	33,622,840	(10,866,796)	44,489,636	409
<b>TOTAL HEALTH CARE ADDITIONS</b>	<b>281,842,501</b>	<b>131,406,258</b>	<b>150,436,243</b>	<b>114</b>
<b>TOTAL HEALTH CARE DEDUCTIONS</b>	<b>212,415,795</b>	<b>137,810,736</b>	<b>74,605,059</b>	<b>54</b>
Changes in Net Position	69,426,706	(6,404,478)	75,831,184	1,184
Net Position - Beginning	611,574,409	600,330,188	11,244,221	2
<b>SERS Health Care Fund Net Position - Ending</b>	<b>\$681,001,115</b>	<b>\$593,925,710</b>	<b>\$87,075,405</b>	<b>15%</b>

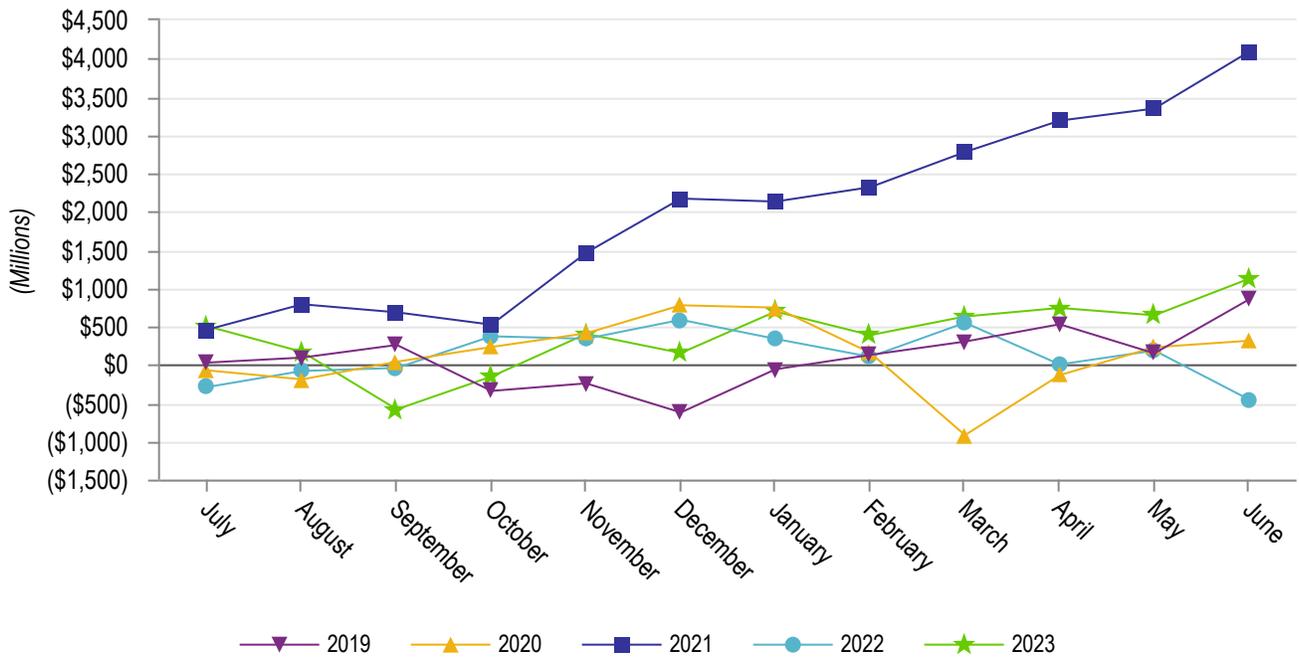
#### **ADMINISTRATIVE EXPENSES**

	<b>6/30/23 YTD</b>	<b>Fiscal Year Annual Budget</b>	<b>% of Annual Budget</b>
Personnel	\$24,199,038	\$24,392,195	99%
Professional Services	5,704,832	6,502,883	88
Communications	1,007,460	1,011,873	100
Other Operating Expenses	3,193,726	3,607,379	89
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$34,105,056</b>	<b>\$35,514,330</b>	<b>96%</b>

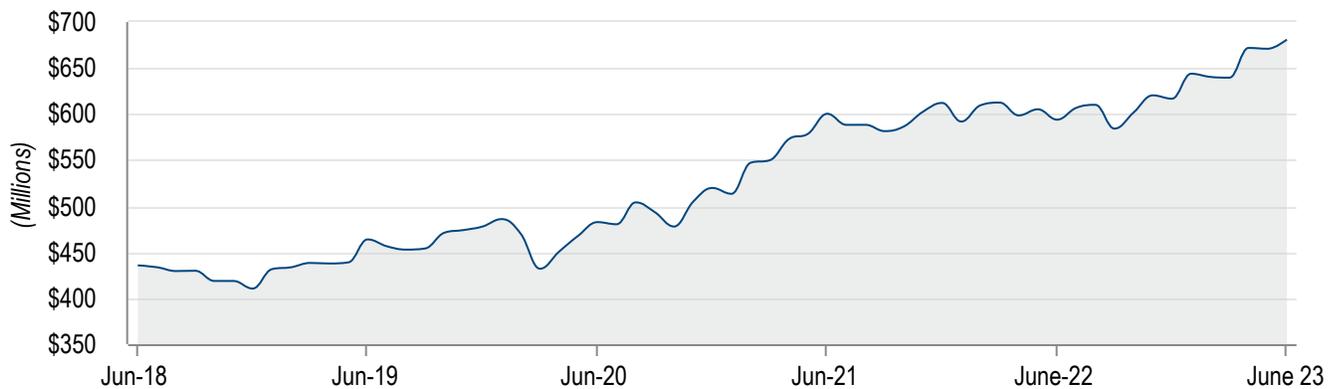
### Total SERS Fund Balance for Previous 12 Months



### Investment Income (includes realized and unrealized gains & losses)



### Health Care Fund Balance Trend



# SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

## FINANCIAL HIGHLIGHTS

As of July 31, 2023 and 2022

(unaudited)

<b>SERS (All Funds)</b>	7/31/23 YTD	7/31/22 YTD	Comparative Difference	% Difference
<b>ADDITIONS</b>				
Employer Contributions	\$45,171,239	\$41,901,263	\$3,269,976	8%
Member Contributions	28,924,664	26,765,273	2,159,391	8
Health Care Premiums, Subsidies & Other Income	7,510,766	7,592,487	(81,721)	(1)
Total Investment Income, Net	259,315,825	395,857,025	(136,541,200)	(34)
<b>TOTAL ADDITIONS</b>	<b>340,922,494</b>	<b>472,116,048</b>	<b>(131,193,554)</b>	<b>(28)</b>
<b>DEDUCTIONS</b>				
Retirement, Disability, Survivor & Death Benefits	115,967,334	112,861,478	3,105,856	3
Health Care Expenses	19,134,002	13,562,783	5,571,219	41
Refunds & Transfers	7,248,736	8,324,896	(1,076,160)	(13)
Administrative Expenses (excluding Investments)	2,630,452	3,236,032	(605,580)	(19)
<b>TOTAL DEDUCTIONS</b>	<b>144,980,524</b>	<b>137,985,189</b>	<b>6,995,335</b>	<b>5</b>
Changes in Net Position	195,941,970	334,130,859	(138,188,889)	(41)
Net Position - Beginning	18,207,155,151	17,574,319,449	632,835,702	4
<b>SERS Net Position - Ending</b>	<b>\$18,403,097,121</b>	<b>\$17,908,450,308</b>	<b>\$494,646,813</b>	<b>3%</b>

### HEALTH CARE FUND

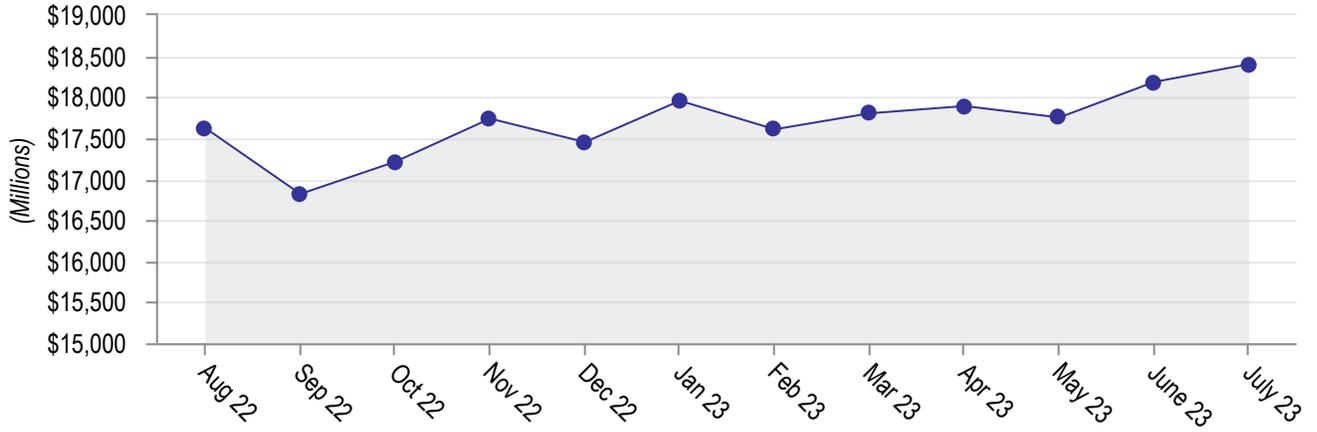
#### HEALTH CARE ADDITIONS

Employer Contributions	\$4,700,000	\$4,400,000	\$300,000	7%
Health Care Premiums	4,958,351	5,153,085	(194,734)	(4)
Medicare Subsidies & Other Income	2,552,415	2,439,402	113,013	5
Total Investment Income, Net	7,990,240	10,239,178	(2,248,938)	(22)
<b>TOTAL HEALTH CARE ADDITIONS</b>	<b>20,201,006</b>	<b>22,231,665</b>	<b>(2,030,659)</b>	<b>(9)</b>
<b>TOTAL HEALTH CARE DEDUCTIONS</b>	<b>19,370,007</b>	<b>13,820,257</b>	<b>5,549,750</b>	<b>40</b>
Changes in Net Position	830,999	8,411,408	(7,580,409)	90
Net Position - Beginning	704,933,123	611,574,409	93,358,714	15
<b>SERS Health Care Fund Net Position - Ending</b>	<b>\$705,764,122</b>	<b>\$619,985,817</b>	<b>\$85,778,305</b>	<b>14%</b>

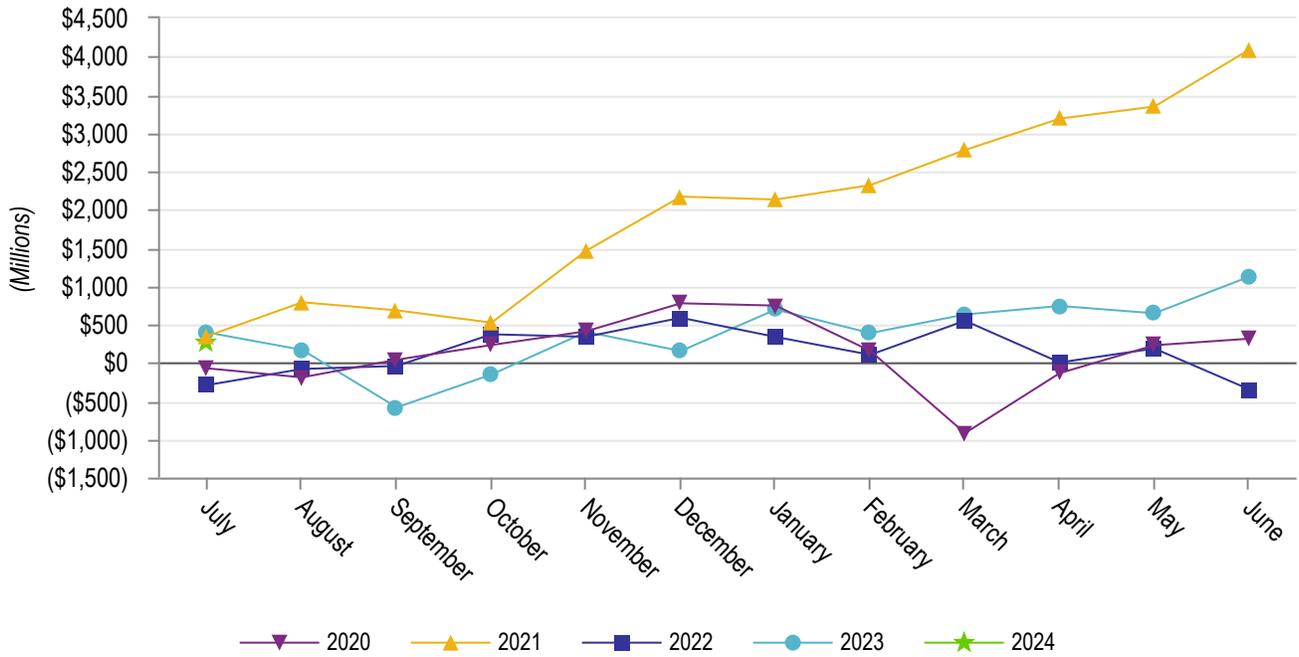
#### ADMINISTRATIVE EXPENSES

	7/31/23 YTD	Fiscal Year Annual Budget	% of Annual Budget
Personnel	\$1,935,961	\$25,471,425	8%
Professional Services	521,007	6,456,305	8
Communications	72,918	1,015,710	7
Other Operating Expenses	711,964	4,108,942	17
<b>TOTAL ADMINISTRATIVE EXPENSES</b>	<b>\$3,241,850</b>	<b>\$37,052,382</b>	<b>9%</b>

### Total SERS Fund Balance for Previous 12 Months



### Investment Income (includes realized and unrealized gains & losses)



### Health Care Fund Balance Trend



# Memo

To: Retirement Board  
From: SERS Legal Department  
CC: Richard Stensrud  
Date: September 8, 2023  
Re: Administrative Rules

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Two categories of resolutions on Administrative Rules are on the September Board Agenda.

**I. Approval to file with JCARR the following proposed amended rule:**

- **3309-1-35 Health care**

The proposed amendments to this rule reflect the Board's decision from March 2023 to change the non-Medicare disability health care subsidy amounts to equal that of service retirees by years of service, effective January 1, 2024. As discussed at that time, the proposed amendments to Ohio Administrative Code rule 3309-1-35 are necessary to give effect to those changes and will also be effective January 1, 2024.

**II. Approval to final file amended rules 3309-1-04, 3309-1-18:**

The Board approved filing these rules as proposed rules at its June Board meeting. These rules have been reviewed by JCARR and are ready for final adoption.

Please call Susan Russell at (614) 222-5809 or Todd Nist at (614) 340-1287 if you have any questions before the meeting.

## **FILING OF PROPOSED AMENDED ADMINISTRATIVE RULE**

Legal Counsel discussed with the Retirement Board filing with JCARR the following proposed amended rule: 3309-1-35 Health care.

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that proposed amended rule 3309-1-35 be filed with JCARR as discussed.

### **3309-1-35 Health care.**

#### (A) Definitions

As used in this rule:

- (1) "Benefit recipient" means an age and service retirant, disability benefit recipient, or a beneficiary as defined in section 3309.01 of the Revised Code, who is receiving monthly benefits due to the death of a member, age and service retirant or disability benefit recipient.
- (2) "Member" has the same meaning as in section 3309.01 of the Revised Code.
- (3) "Age and service retirant" means a former member who is receiving a retirement allowance pursuant to section 3309.34, 3309.35, 3309.36 or 3309.381 of the Revised Code. A former member with an effective retirement date after June 13, 1986 must have accrued ten years of service credit, exclusive of credit obtained after January 29, 1981 pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code.
- (4) "Disability benefit recipient" means a member who is receiving a benefit or allowance pursuant to section 3309.35, 3309.39, 3309.40 or 3309.401 of the Revised Code.
- (5) "Dependent" means an individual who is either of the following:
  - (a) A spouse of an age and service retirant, disability benefit recipient, or member,
  - (b) A biological, adopted or step-child of an age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member or other child in a parent-child relationship in which the age and service retirant, disability benefit recipient, member, deceased age and service retirant, deceased disability benefit recipient, or deceased member has or had custody of the child, so long as the child:
    - (i) Is under age twenty-six, or
    - (ii) Regardless of age is permanently and totally disabled, provided that the disability existed prior to the age and service retirant's, disability benefit recipient's, or member's death and prior to the child reaching age twenty-six. For purposes of this paragraph "permanently and totally disabled" means the individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death, or which has lasted or can be

expected to last for a continuous period of not less than twelve months.

- (6) "Health care coverage" means any of the following group plans offered by the system:
  - (a) A medical and prescription drug plan;
  - (b) Limited wraparound coverage, which provides limited benefits that wrap around an individual health insurance plan; or
  - (c) An excepted benefit health reimbursement arrangement, which provides reimbursement of medical expenses incurred under an individual health insurance plan.
- (7) "Premium" means a monthly amount that may be required to be paid by a benefit recipient to continue enrollment for health care coverage for the recipient or the recipient's eligible dependents.
- (8) "Employer" and "public employer" have the same meaning as in section 3309.01 of the Revised Code.
- (9) "Marketplace counselor" means an individual licensed to determine eligibility for, and enroll individuals in, a marketplace plan.
- (10) "Marketplace plan" means an individual health plan available through either a state or federal health insurance marketplace.

(B) Eligibility

- (1) A person is eligible for health care coverage under the school employees retirement system's health care plan so long as the person qualifies as one of the following:
  - (a) An age and service retiree or the retiree's dependent,
  - (b) A disability benefit recipient or the recipient's dependent,
  - (c) The dependent of a deceased member, deceased age and service retiree, or deceased disability benefit recipient, if the dependent is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code,
  - (d) The dependent child of a deceased member, deceased disability benefit recipient, or deceased age and service retiree if the spouse is receiving a benefit pursuant to section 3309.45 or 3309.46 of the Revised Code and the spouse elects to be covered.
- (2) Eligibility for SERS health care coverage shall terminate when the person ceases to qualify as one of the persons listed in paragraph (B)(1) of this rule, except that a dependent described in paragraph (A)(5)(b)(i) of this rule shall cease to qualify on the first day of the calendar year following the dependent's twenty-sixth birthday.
- (3) Except for a dependent described in paragraph (A)(5)(b) of this rule, eligibility for SERS health care coverage shall terminate when the person is not enrolled in Medicare part B and on or after January 1, 2016 commences employment that provides access to a medical plan with prescription coverage through the employer,

or if employees of that employer in comparable positions have access to a medical plan available through the employer, provided the medical plan with prescription drug coverage available through the employer is equivalent to the medical plan with prescription coverage at the cost available to fulltime employees as defined by the employer. For purposes of this paragraph, employer means a public or private employer.

- (4) On or after January 1, 2021, eligibility for SERS health care coverage shall terminate when a person listed in paragraph (B)(1) of this rule becomes eligible for medicaid and is ineligible for medicare. For purposes of this rule, a benefit recipient and their dependent(s) shall be presumed to be eligible for medicaid if their gross monthly SERS benefit is less than the percentage of the federal poverty level used by the Ohio department of medicaid to determine medicaid eligibility under agency 5160 and division 5160:1 of the Administrative Code. Upon request, a benefit recipient presumed to be eligible for medicaid must provide SERS with satisfactory proof of ineligibility for medicaid in their state of residence within ninety days from the date of SERS' request.
- (5) Eligibility for SERS health care coverage shall terminate when a person eligible for medicare part B fails to:
  - (a) Enroll in medicare part B during the person's initial enrollment period or special enrollment period under 42 U.S.C. 1395p that includes a date on or after January 1, 2019. If the failure to enroll occurred on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022; or
  - (b) Enroll in medicare part B during the general enrollment period available under 42 U.S.C. 1395p immediately following a loss of medicare part B coverage that began on or after January 1, 2019. If the loss of medicare part B coverage began on or after January 1, 2019 and prior to January 1, 2022, the person must enroll in medicare part B during the general enrollment period ending March 31, 2022.
- (6) Eligibility for SERS health care coverage shall terminate when a benefit recipient who is not eligible for medicare, and whose initial SERS health care eligibility date or reinstatement to SERS health care coverage under paragraph (I) of this rule is on or after June 1, 2023, fails to complete counseling with a SERS approved marketplace counselor to review marketplace plan options.
  - (a) A benefit recipient whose initial SERS health care eligibility date is on or after June 1, 2023 shall complete counseling before the later of the following:
    - (i) December 31 of the calendar year of initial health care eligibility; or
    - (ii) Within three months of initial health care eligibility.
  - (b) A benefit recipient requesting reinstatement to SERS health care coverage under paragraph (I) of this rule on or after June 1, 2023 shall complete counseling before the later of the following:
    - (i) December 31 of the calendar year of the qualifying event entitling the benefit recipient to reinstatement; or

(ii) Within three months of the request for reinstatement.

(c) The benefit recipient shall provide the marketplace counselor with all information required to determine the cost of available marketplace plans. The marketplace counselor shall notify SERS when such counseling has been completed.

(d) A benefit recipient who fails to complete counseling in accordance with this rule shall be deemed to have waived SERS health care coverage until the individual becomes eligible for reinstatement as permitted under paragraph (l) of this rule.

(e) Counseling shall not be required if the marketplace counselor is unable to determine available marketplace plans based on the benefit recipient's address or other demographic information. The marketplace counselor will notify SERS when a marketplace plan cannot be determined based on the circumstances.

### (C) Enrollment

- (1) Except as otherwise provided in this rule, an eligible benefit recipient may enroll in school employees retirement system's health care coverage only at the time the benefit recipient applies for an age and service retirement, disability benefit, or monthly benefits pursuant to section 3309.45 of the Revised Code.
- (2) An eligible spouse of an age and service retiree or disability benefit recipient may only be enrolled in the system's health care coverage at the following times:
  - (a) At the time the retiree or disability benefit recipient enrolls in school employees retirement system's health care coverage.
  - (b) Within thirty-one days of the eligible spouse's:
    - (i) Marriage to the retiree or disability benefit recipient; or
    - (ii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
  - (c) Within ninety days of becoming eligible for medicare.
- (3) An eligible dependent child of an age and service retiree, disability benefit recipient, or deceased member may be enrolled in the system's health care coverage at the following times:
  - (a) At the time the retiree, disability benefit recipient, or surviving spouse enrolls in school employees retirement system's health care coverage.
  - (b) Within thirty-one days of the eligible dependent child's:
    - (i) Birth, adoption, or custody order; or
    - (ii) Involuntary termination of health care coverage under another plan, including a medicare advantage plan, or medicare part D plan.
  - (c) Within ninety days of becoming eligible for medicare.

(D) Cancellation of health care coverage

(1) Health care coverage of a person shall be cancelled when:

- (a) The person's eligibility terminates as provided in paragraph (B)(2) of this rule;
- (b) The person's eligibility terminates as provided in paragraph (B)(3) of this rule;
- (c) The person's eligibility terminates as provided in paragraph (B)(4) of this rule;
- (d) The person's eligibility terminates as provided in paragraph (B)(5) of this rule;
- (e) The person's health care coverage is cancelled for default as provided in paragraph (F) of this rule;
- (f) The person's health care coverage is waived as provided in paragraph (G) of this rule;
- (g) The person's health care coverage is cancelled due to the person's enrollment in a medicare advantage plan or medicare part D plan as provided in paragraph (H) of this rule;
- (h) The health care coverage of a dependent is cancelled when the health care coverage of a benefit recipient is cancelled; or
- (i) The person's benefit payments are suspended for failure to submit documentation required to establish continued benefit eligibility under division (B)(2)(b)(i) of section 3309.45 of the Revised Code, division (F) of section 3309.39 of the Revised Code, division (D) of section 3309.41 of the Revised Code, or division (D) of section 3309.392 of the Revised Code.

(E) Effective date of coverage

(1) Except as provided in paragraph (E)(2) of this rule, the effective date of health care coverage for persons eligible for health care coverage as set forth in paragraph (B) of this rule shall be as follows:

- (a) For a disability benefit recipient or dependent of a disability benefit recipient, health care coverage shall be effective on the first of the month following the determination and recommendation of disability to the retirement board or on the benefit effective date, whichever is later.
- (b) For an age and service retirant or dependent of an age and service retirant, health care coverage shall be effective on the first of the month following the date that the retirement application is filed with the retirement system or on the benefit effective date, whichever is later.
- (c) For an eligible dependent of a deceased member, deceased disability benefit recipient, or deceased age and service retirant, health care coverage shall be effective on the effective date of the benefit if the appropriate application is received within three months of the date of the member's or retirant's death, or the first of the month following the date that the appropriate application is received if not received within three months of the date of the member's or retirant's death.

(2) The effective date of coverage for a person described in paragraph (B)(6) of this rule shall be the later of the following:

(a) The date provided under paragraph (E)(1) of this rule; or

(b) The first of the month following completion of counseling.

A benefit recipient may elect to defer SERS health care coverage until their first available marketplace plan effective date.

(F) Premiums

(1) Payment of premiums for health care coverage shall be by deduction from the benefit recipient's monthly benefit. If the full amount of the monthly premium cannot be deducted from the benefit recipient's monthly benefit, the benefit recipient shall be billed for the portion of the monthly premium due after any deduction from the monthly benefit.

(2) Premium payments billed to a benefit recipient shall be deemed in default after the unpaid premiums for coverage under this rule and supplemental health care coverage under rule 3309-1-64 of the Administrative Code reach a total cumulative amount of at least three months of billed premiums. The retirement system shall send written notice to the benefit recipient that payments are in default and that coverage will be cancelled on the first day of the month after the date of the notice unless payment for the total amount in default is received prior to the date specified in the notice. If coverage is cancelled due to a recipient's failure to pay premium amounts in default, the recipient shall remain liable for such amounts due for the period prior to cancellation of coverage.

(3) After cancellation for default, health care coverage can be reinstated as provided in paragraph (I) of this rule, or upon submission of an application for reinstatement supported by medical evidence acceptable to SERS that demonstrates that the default was caused by the benefit recipient's physical or mental incapacity. "Medical evidence" means documentation provided by a licensed physician of the existence of the mental or physical incapacity causing the default. Health care coverage reinstated after termination for default shall be effective on the first of the month following the date that the application for reinstatement is approved and payment for the total amount in default is received.

(4) A person enrolled in SERS' health care plan cannot receive a premium subsidy unless that person is:

(a) A dependent child.

(b) An age and service retiree who:

(i) ~~An age and service retiree with~~ Has an effective retirement date before August 1, 1989; or

(ii) ~~An age and service retiree with~~ Has an effective retirement date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or

- (iii) ~~An age and service retirant with~~ Has an effective retirement date on or after August 1, 2008 who had earned twenty years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
  - (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
  - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.
- (c) A disability benefit recipient, except as provided in paragraph (F)(4)(d) of this rule, who:
  - (i) ~~A disability benefit recipient with~~ Has an effective benefit date before August 1, 2008; or
  - (ii) ~~A disability benefit recipient with~~ Has an effective benefit date on or after August 1, 2008 who:
    - (a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or
    - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.
- (d) A disability benefit recipient who is not enrolled in medicare part B on or after January 1, 2024, who:
  - (i) Has an effective benefit date before August 1, 1989; or
  - (ii) Has an effective benefit date on or after August 1, 1989 and before August 1, 2008 who had earned fifteen years of service credit; or
  - (iii) Has an effective benefit date on or after August 1, 2008 who had earned twenty years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
    - (a) Was eligible to participate in the health care plan of his or her employer at the time of separation from SERS service; or
    - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding separation from SERS service.
- (e) A spouse:
  - (i) A spouse or surviving spouse of an age and service retirant or disability benefit recipient with an effective retirement date or benefit date before August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections

3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code;

- (ii) A spouse or surviving spouse of an age and service retiree or disability benefit recipient with an effective retirement date or benefit date on or after August 1, 2008 who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, and who:
  - (a) Was eligible to participate in the health care plan of his or her employer at the time of retirement or separation from SERS service; or
  - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding retirement or separation from SERS service.
- (iii) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date before August 1, 2008; or
- (iv) A surviving spouse of a deceased member who had earned twenty-five years of service credit, exclusive of credit obtained after January 29, 1981, pursuant to sections 3309.021, 3309.301, 3309.31, and 3309.33 of the Revised Code, with an effective benefit date on or after August 1, 2008, and the member;
  - (a) Was eligible to participate in the health care plan of his or her employer at the time of death or separation from SERS service; or
  - (b) Was eligible to participate in the health care plan of his or her employer at least three of the last five years of service preceding the member's death or separation from SERS service.
- (ef) For purposes of determining eligibility for a subsidy under paragraph (F)(4) of this rule, when the last contributing service of an age and service retiree, disability benefit recipient, or member was as an employee as defined by division (B)(2) of section 3309.01 of the Revised Code, the health care plan participation requirement shall be if the individual would have been eligible for the public employer's health care plan if the individual were an employee as defined by division (B)(1) of section 3309.01 of the Revised Code.
- (fg) Any other individual covered under a SERS health care plan shall be eligible for a premium subsidy under the standard set forth for spouses.
- (gh) In all cases of doubt, the retirement board shall determine whether a person enrolled in a SERS health care plan is eligible for a premium subsidy, and its decision shall be final.

(G) Waiver

- (1) A benefit recipient may waive health care coverage by completing and submitting a SERS waiver form to SERS.

(2) The health care coverage of a benefit recipient's dependent may be waived as follows:

- (a) For non-medicare eligible dependents, the benefit recipient may waive their coverage by completing and submitting a signed written request to SERS on their behalf.
- (b) For medicare eligible dependents, the dependent may waive their coverage by completing and submitting a signed written request to SERS.

(H) Medicare advantage or medicare part D

SERS shall cancel the health care coverage of a benefit recipient or dependent who enrolls in a medicare advantage or medicare part D plan that is not offered by the system.

(I) Reinstatement to SERS health care coverage

(1) An eligible benefit recipient, or dependent of a benefit recipient with health care coverage, whose coverage has been previously waived or cancelled may be reinstated to SERS health care coverage by filing a health care enrollment application as follows:

- (a) The application is received no later than ninety days after becoming eligible for medicare. Health care coverage shall be effective the later of the first day of the month after becoming medicare eligible or receipt of the enrollment application by the system;
- (b) The application is received no later than thirty-one days after involuntary termination of coverage under medicaid. Health care coverage shall be effective the later of the first day of the month after termination of coverage or receipt of proof of termination and the enrollment application by the system; or
- (c) The application is received no later than thirty-one days after involuntary termination of coverage under another plan, medicare advantage plan, or medicare part D plan with proof of such termination. Health care coverage shall be effective the later of the first day of the month after termination of the other plan or receipt of proof of termination and the enrollment application by the system.

(2) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(i) of this rule shall be reinstated to SERS health care plan when benefit payments are reinstated.

(3) An eligible person whose coverage was cancelled pursuant to paragraph (D)(1)(b) of this rule may be reinstated to SERS health care plan when they no longer have access to the medical plan of an employer by filing a health care enrollment application within thirty-one days of the employment ending.

(4) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled and who is enrolled in medicare parts A and B or medicare part B only on December 31, 2007 may be reinstated to SERS health care coverage by filing a healthcare enrollment

application during the period of time beginning October 1, 2007 and ending November 30, 2007. Health care coverage shall be effective January 1, 2008.

- (5) An eligible benefit recipient or dependent of a benefit recipient with health care coverage, whose coverage has been previously cancelled pursuant to paragraph (H) of this rule and who is enrolled in medicare parts A and B or medicare part B only on June 30, 2009 may be reinstated to SERS health care coverage by filing a health care enrollment application during the period of time beginning May 21, 2009 and ending July 15, 2009.
- (6) An eligible benefit recipient who had an effective retirement or benefit date on or after August 1, 2008, who qualifies for a premium subsidy under paragraph (F)(4) of this rule, and whose coverage has previously been waived as provided in paragraph (G) of this rule, may be reinstated to school employees retirement system health care coverage by submitting a complete health care enrollment application on or before December 14, 2012. Health care coverage shall be effective January 1, 2013.
- (7) An eligible benefit recipient for whom SERS is transferring funds to another Ohio retirement system in accordance with paragraph (G) of rule 3309-1-55 of the Administrative Code may be reinstated to SERS health care coverage by submitting a health care enrollment application during open enrollment periods for health care coverage starting January 1, 2015 or January 1, 2016.

(J) Medicare part B

- (1) A person who is enrolled in SERS' health care shall enroll in medicare part B at the person's first eligibility date for medicare part B. A person who fails to enroll in or maintain medicare part B coverage shall be ineligible for SERS health care coverage in accordance with paragraph (B)(5) of this rule.
- (2)
  - (a) The board shall determine the monthly amount paid to reimburse an eligible benefit recipient for medicare part B coverage. The amount paid shall be no less than forty-five dollars and fifty cents, except that the board shall make no payment that exceeds the amount paid by the recipient for the coverage.
  - (b) As used in paragraph (J) of this rule, an "eligible benefit recipient" means:
    - (i) An eligible person who was a benefit recipient and was eligible for medicare part B coverage before January 7, 2013, or
    - (ii) An eligible person who is a benefit recipient, is eligible for medicare part B coverage, and is enrolled in SERS' health care.
- (3) The effective date of the medicare part B reimbursement to be paid by the board shall be as follows:
  - (a) For eligible benefit recipients who were a benefit recipient and were eligible for medicare B coverage before January 7, 2013 the later of:
    - (i) January 1, 1977; or
    - (ii) The first of the month following the date that the school employees retirement

system received satisfactory proof of coverage.

(b) For eligible benefit recipients not covered under paragraph (J)(3)(a) of this rule, the later of:

(i) The first month following the date that the school employees retirement system received satisfactory proof of coverage, or

(ii) The effective date of SERS health care.

(4) The board shall not:

(a) Pay more than one monthly medicare part B reimbursement when a benefit recipient is receiving more than one monthly benefit from this system; nor

(b) Pay a medicare part B reimbursement to a benefit recipient who is eligible for reimbursement from any other source.

History: 6/1/23, 9/30/21, 6/5/20, 1/2/20, 5/3/19, 10/13/16, 8/13/15, 12/4/14, 7/12/14, 1/1/14, 3/8/13, 1/7/13 (Emer.), 9/30/12, 8/14/11, 9/26/10, 7/1/10 (Emer.), 6/11/10, 8/10/09, 5/22/09 (Emer.), 1/8/09, 8/8/08, 12/24/07, 9/28/07 (Emer.), 3/1/07, 1/2/04, 6/13/03, 11/9/98, 8/10/98, 1/2/93, 7/20/89, 3/20/80, 1/1/77

Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.69  
Review Date: 2/1/24

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

## **FINAL FILING OF PROPOSED AMENDED ADMINISTRATIVE RULES**

Legal Counsel discussed with the Retirement Board the following proposed amended rules: 3309-1-04 Election of retirement board members and 3309-1-18 Payment of contributions, that have been reviewed by JCARR and are ready for final adoption by the Board.

\_\_\_\_\_ moved and \_\_\_\_\_ seconded that proposed amended rules 3309-1-04 and 3309-1-18 be adopted.

### **3309-1-04 Election of retirement board members.**

- (A) The school employees retirement board shall conduct elections in accordance with Chapter 3309. of the Revised Code and this rule.
- (B) Notifications
  - (1) At a regular meeting of the retirement board but no later than July in the fiscal year in which an election of members to the board is required, the retirement board shall establish an election time schedule.
  - (2) This schedule shall include, a statement of the requirements for nomination by petition, the date after which nominating petitions shall be available, the final date for receipt of completed nominating petitions, the final date for receipt of completed election ballots being the first Monday in March, and the date and place for the election count to be conducted under the supervision of judges as designated in paragraph (D) of this rule.
- (C) Nominations
  - (1) Candidates for board members shall be nominated by petition on forms provided by the school employees retirement system. Petitions shall be made available in paper and electronic format. Electronic signatures shall be permitted.
  - (2)
    - (a) Not later than the last business day of September in the fiscal year in which an election is held for an employee member, notice of election posters shall be sent to employers and petitions and required forms shall be available to members.
    - (b) Any member, except a member receiving a disability benefit pursuant to section 3309.40 or 3309.401 of the Revised Code, who is not otherwise ineligible under Chapter 3309. of the Revised Code, may be nominated for election as an employee member of the board by petitions that contain at least five hundred valid nominating signatures with not less than twenty signatures of members from each of at least ten different counties in Ohio. In order for a nominating signature to be valid, the member must be actively contributing to SERS and their SERS ID or last four digits of their social security number and the name of their school employer and the county in which the employer is located must be provided. The member's place of employment shall determine the county for such member.
  - (3)

- (a) Not later than the last business day of September in the fiscal year in which an election is held for a retirant member, a notice of election shall be sent to retirants at their home addresses of record and petitions and required forms shall be available to retirants.
  - (b) Any retirant, who is not otherwise ineligible under Chapter 3309. of the Revised Code, may be nominated for election as a retirant member by petitions which contain at least one hundred fifty valid nominating signatures, with not less than ten signatures of retirants from each of at least five different counties in Ohio. In order for a nominating signature to be valid, the retirant's SERS ID or last four digits of their social security number, their home address and county must be provided. The retirant's place of residence shall determine the county of such retirant.
- (4)
- (a) Petitions and completed required forms for a candidate must be received by the system by the petition filing date established by the retirement board pursuant to paragraph (B) of this rule to be valid.
  - (b) Petition signatures and candidate eligibility shall be verified based on records of the retirement system and the requirements of Chapter 3309. of the Revised Code. Signatures that cannot be conclusively verified shall not be counted.
  - (c) The names of qualified candidates shall be certified by a director of the retirement system and shall be subject to review and audit by the secretary of state. A qualified candidate is one who meets the requirements of Chapter 3309. of the Revised Code. In the event that there is a discrepancy between the certification by the officer of the retirement system and the results of the review and audit by the secretary of state, the determination of the secretary of state shall control and be final.
  - (d) Based on the final certification, the names of qualified candidates shall be placed on the ballot for election. Each ballot shall also include a space for a write-in candidate.

#### (D) Voting

- (1) The retirement board may conduct an election by paper ballots or through electronic methods.
- (2)
  - (a) Voting materials for each voting member or retirant of the retirement system shall include a list of candidates, information on each candidate, voting instructions, and any other materials the retirement board deems necessary.
  - (b) Voting materials shall be sent to eligible members or retirants no later than the last business day in January in an election year at the address on file with the retirement system.
- (3)
  - (a) For any election requiring a vote by members, the retirement board shall distribute ballots for such election to all members whose accounts have had

contributions posted within the eighteen month period immediately preceding the month in which ballots are distributed; and

- (b) To members whose accounts have not had contributions posted within the eighteen month period immediately preceding the month in which ballots are scheduled to be distributed, upon the members written request for a ballot.
- (4) The election count shall be monitored by a panel of judges consisting of representatives of the secretary of state and the attorney general. The representative of the secretary of state shall be the chief judge. If a representative from such offices is not available, a representative of the retirement system's independent auditor and/or the auditor of state may be substituted. If a representative of the secretary of state is not available, the chief judge, in order of precedence, shall be the representative of the attorney general, the representative of the auditor of state, or the representative of the retirement system's independent auditor.
- (5) If the ballot count results in a tie vote, the election shall be determined by a coin toss conducted by the judges with "heads" being assigned to the candidate whose last name is first alphabetically and "tails" assigned to the other candidate.
- (6) If a candidate is elected by a margin of less than one percent of the votes cast, a recount will automatically be conducted.
- (7) The chief judge shall provide a certification of the election results signed by all judges. The election results shall be submitted to the retirement board for its approval at the first regular retirement board meeting that is not less than thirty-one calendar days after certification of the results of the election.
- (8) Within thirty calendar days after the certification of the election count, an unsuccessful candidate may request a recount in writing to the retirement board together with a check payable to the retirement system for the costs of the recount in the amount of one hundred dollars; provided however, if the recount results in the requesting candidate winning the election, the cost shall be refunded.

(E) Vacancies

- (1) When an election is held to fill the vacant term of an elected member of the board, the election shall be held pursuant to paragraph (E) of this rule.
- (2) The retirement board by majority vote of the board shall declare the seat vacant and establish a board-meeting schedule to nominate, interview and select a successor member to fill the position.
- (3) The retirement board shall provide notice of the vacancy and the procedure and forms required to be considered as a qualified candidate to fill the vacancy.
  - (a) Candidates shall qualify under the same eligibility requirements as the predecessor in office.

- (b) The names of qualified candidates shall be certified by a director of the retirement system and shall be subject to review and audit by the secretary of state. In the event that there is a discrepancy between the certification by the officer of the retirement system and the results of the review and audit by the secretary of state, the determination of the secretary of state shall control and be final.
  - (4) At a public board meeting, each board member may nominate one candidate to fill the vacancy.
  - (5) The board members shall interview the nominated candidates.
  - (6) A successor member shall be elected from the list of candidates by a majority vote of the retirement board in a public meeting as follows:
    - (a) Two successive votes shall occur in order for one candidate to receive a majority. If no candidate receives a majority, successive votes shall continue with the candidate receiving the least number of votes eliminated after each vote until one candidate receives a majority vote of the board or until only two candidates remain.
    - (b) In the event no candidate receives a majority vote and two candidates remain, one final vote shall occur. If neither candidate receives a majority vote, the winner shall be decided by a coin toss conducted by the election judge with “heads” assigned to the candidate whose last name is first in alphabetical order and “tails” to the other candidate.
  - (7) The election shall be monitored by a representative of the secretary of state, or if unavailable, by a representative of the attorney general, who shall serve as election judge and certify the results of the election.
  - (8) All documents regarding filling the vacancy, including resumes and forms required by the retirement system, shall be made available to any person upon request and payment of the cost of compiling, copying and mailing the documents.
- (F) An employee member of the board who retires while a member of the board shall be eligible to become a retirant member of the board when three years have elapsed from the member’s effective date of retirement and the date of the scheduled election for the retirant member seat. An employee member of the board retires while a member of the board when the member served on the board in the month immediately preceding the member’s effective date of retirement.

History: 4/30/23, 4/10/14, 1/7/13, 4/3/09, 8/10/07, 12/2/04  
Promulgated Under: 111.15  
Statutory Authority: 3309.04  
Rule Amplifies: 3309.05, 3309.06, 3309.07, 3309.071, 3309.075, 3309.22  
Review Date: 2/1/28

### 3309-1-18 Payment of contributions.

(A) For purposes of this rule:

- (1) "Employer" has the same meaning as in section 3309.01 of the Revised Code.
- (2) "Contribution report" means payroll data for each pay date that has been cleared of any errors or warnings.
- (3) "Surcharge" means the employer minimum compensation contribution amount determined pursuant to section 3309.491 of the Revised Code.

(B) Payments due under section 3309.47 of the Revised Code shall be ~~remitted to~~ received by the school employees retirement system by the fifth business day following the pay date.

(C) Contribution reports shall be ~~submitted to~~ posted online with the retirement system by the fifth business day following the pay date.

(D) Payments due under section 3309.51 of the Revised Code and paid by an employer directly to the employers' trust fund shall be ~~remitted~~ received by the retirement system by the fifth business day following the pay date.

(E) Payments due to the employers' trust fund pursuant to section 3309.51 of the Revised Code and received from the amounts allocated under Chapter 3317. of the Revised Code, ~~section 3314.08 of the Revised Code, and section 3326.33 of the Revised Code~~ shall be remitted each month and attributed to that month.

(F) Annually, the retirement system shall issue a final school year statement that reconciles the estimated employer payments received with the employer payments owed. Within thirty days of the statement's issuance, the employer shall directly pay to the employers' trust fund any balance owed, or the retirement system shall directly refund to the employer any overpayments made. The retirement system shall not issue a refund to an employer whose reports or payments are delinquent.

(G) Surcharge payments due to the employers' trust fund shall be collected in one of the following ways:

(1) An employer who chooses direct pay or an employer who does not receive amounts allocated under Chapter 3317 of the Revised Code ~~section 3314.08 or 3326.33 of the Revised Code may choose to shall~~ pay its surcharge directly to the employers' trust fund. ~~An employer who chooses this option must pay its surcharge~~ within thirty days after receipt of the certified amount due from the retirement system.

(2) For those employers who do not choose the direct pay option under paragraph (G)(1) of this rule, as well as science, technology, engineering, and mathematics schools and community schools ~~employers who receive amounts allocated under section 3314.08 or 3326.33 of the Revised Code~~, the retirement system shall include surcharge payments in the estimated payments certified to the superintendent of public instruction pursuant to section 3309.51 of the Revised Code.

- (H) For any payments made pursuant to paragraphs (B), (D), (F) and (G)(1) of this rule, payment remittance information shall be submitted in the manner specified by the retirement system no later than the date the payment is ~~remitted~~ received by the retirement system.
- (I) The retirement system may extend a due date for an employer upon a finding that good cause has been shown.
- (J) For purposes of section 3309.571 of the Revised Code, “days” refers to “business days.”
- (K) An employer shall repay the retirement system for any amounts paid by the retirement system as the result of employer errors in reporting or certifying information to the retirement system.

History: 9/30/21, 5/3/19, 5/15/17 2/27/17 (Emer.), 12/4/14, 1/7/13, 7/1/10  
 Promulgated Under: 111.15  
 Statutory Authority: 3309.04  
 Rule Amplifies: 3309.47, 3309.49, 3309.491, 3309.51, 3309.55, 3309.571  
 Review Date: 2/1/24

Upon roll call, the vote was as follows:

<u>ROLL CALL:</u>	<u>YEA</u>	<u>NAY</u>	<u>ABSTAIN</u>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

# Memo

To: Retirement Board  
From: SERS Legal  
CC: Richard Stensrud and Karen Roggenkamp  
Date: September 14, 2023  
Re: Cincinnati Retirement System – Transfer of Service Credit Agreement

---

SERS' statute governing the transfer of service credit between SERS and Cincinnati Retirement System (R.C. 3309.74) includes a condition that SERS, through the Retirement Board, enter into an agreement that is consistent with the requirements of R.C. 3309.75, Transfer of credit from Cincinnati Retirement System, and R.C. 3309.76, Transfer of SERS credit to the Cincinnati Retirement System.

In accordance with this condition SERS and CRS entered into a Transfer of Services Credit Agreement in 2001. The attached proposed Transfer of Service Credit Agreement has been amended to reflect amendments to the relevant statutes. Notable amendments add the following conditions: In order to transfer credits an eligible member must be eligible to retire, agree to retire within ninety days of the transfer and must have more credit in the system receiving the transferred credit.

## **Transfer of Service Credit Agreement**

This Transfer of Service Credit Agreement (hereinafter, "this Agreement") is made and entered into effective the 1 day of October, 2023, between the School Employees Retirement System of Ohio (hereinafter "SERS"), a public pension fund created pursuant to Chapter 3309 of the Ohio Revised Code (hereinafter, "the O.R.C."), as approved by its Board of Trustees, and the City of Cincinnati on behalf of the Board of Trustees of the Cincinnati Retirement System (hereinafter "CRS"). This Agreement amends and replaces the Transfer of Service Credit Agreement entered into by the parties on December 3, 2001.

### **Section I - Interpretation**

This Agreement is entered into in accordance with O.R.C. 3309.74 and is intended to be consistent with O.R.C. sections 3309.74, 3309.75, and 3309.76, and any ordinance or resolution adopted by the Cincinnati City Council and CRS in accordance with O.R.C. 3309.74(B)(1).

### **Section II - Definitions**

To the extent that this Agreement refers to terms that are contained in O.R.C. Chapter 3309 or Cincinnati Municipal Code (hereinafter "CMC") Chapter 203, unless otherwise specified herein, such terms shall have the meanings ascribed to them in those respective provisions. The following definitions shall apply for purposes of this Agreement.

#### **A. Accepting System**

The retirement system that agrees to grant an Eligible Member service credit in exchange for the transfer of monies from the Transferring System and payment as applicable from the Eligible Member in accordance with this Agreement.

#### **B. Eligible CRS Member**

A person who meets all of the following:

1. Is a member of CRS who is not receiving a service retirement allowance or a disability retirement allowance or benefit under CRS;
2. Is not receiving a retirement allowance or disability benefit from SERS calculated using the service to be transferred; and
3. Under Chapter 3309, is either:
  - a. a member of SERS who is not a current contributor and has accumulated contributions in the SERS employees' savings fund; or
  - b. is a former member of SERS who has withdrawn his or her accumulated contributions from the employees' savings fund;

4. The member's service credit in CRS is greater than the amount of credit that would be obtained from SERS;
5. The member is eligible, or with the credit would be eligible, for a pension or benefit from CRS; and
6. The member agrees to retire and accept a benefit not later than ninety days after receiving notice from CRS that the credit has been obtained.

C. Eligible Member or Member

A person who is either an Eligible CRS Member or an Eligible SERS Member as the context dictates.

D. Eligible SERS Member

A person who meets all of the following:

1. Is a member of SERS who is not receiving a retirement allowance or disability benefit under SERS;
2. Is not receiving a service retirement allowance or a disability service retirement allowance or benefit from CRS calculated using the service to be transferred;
3. Under the CRS governing laws is either:
  - a. a member of CRS who is not a current member in service under CRS governing law and has CRS accumulated contributions with CRS; or
  - b. is a former member of CRS who received a distribution of his or her accumulated contributions with CRS;
4. The member's service in SERS is greater than the amount of credit that would be obtained from CRS;
5. The member is eligible, or with the credit would be eligible, for a retirement allowance or disability benefit from SERS; and
6. The member agrees to retire or accept a disability benefit not later than ninety days after receiving notice from SERS that the credit has been obtained.

E. Eligible Service Credit

Service credit earned under the Transferring System or purchased or obtained military service credit in the Transferring System included in the Member's total service credit in the Transferring System.

F. Transferring System

The retirement system that agrees to transfer the required monies to the Accepting System at the request of the Eligible Member for the grant of service credit in accordance with this Agreement.

G. Year of Service

Years, including portion of a year or years, of Eligible Service Credit to be transferred.

**Section III - Transfer**

To initiate the transfer proceedings, an Eligible Member must complete, sign, and file with the Accepting System a written election form as authorized by the Accepting System, including an agreement to retire or accept a disability benefit no later than ninety days after receiving notice from the Accepting System that the credit has been obtained. When the form is properly completed and filed with the Accepting System, the Accepting System shall confirm that the Eligible Member's service credit in the Accepting System is greater than the amount of credit to be transferred and that the Eligible Member is eligible, or with the credit will be eligible, for a retirement or disability benefit. If all conditions have been met, the Accepting System shall provide written notice to the Transferring System, and Eligible Service Credit shall be transferred as set forth herein.

A. Transfer of Service Credit from CRS to SERS

SERS agrees to grant an Eligible SERS Member credit pursuant to Section IV of this Agreement for Eligible Service Credit the Member has in CRS upon receipt of the monies set forth in the applicable Section III A.1. or A.2. of this Agreement. CRS agrees to transfer the amounts specified in applicable Section III A.1. or A.2. within sixty days after receiving notice from SERS that an Eligible SERS Member has completed the required election form and paid any amounts required under Section III A.2.a. of this Agreement.

1. Contributions on Deposit

If the Eligible SERS Member has contributions on deposit with CRS, SERS agrees to grant the Member credit after receiving from CRS the sum of the following for each Year of Service to be transferred from CRS.

- a. An amount equal to the Member's contributions to CRS and payments made by the Member for purchased military service credit plus any interest granted by CRS on the Member's contributions.
- b. An amount equal to the lesser of the employer's contributions to CRS or the amount that would have been contributed by the employer for the service had the Member been a member of SERS when the Year of Service was earned.
- c. Interest calculated as set forth in Section VI of this Agreement from the last day of the year in which Year of Service was earned or in which payment was made for purchased military service credit to the date the transfer is made on the following amounts:
  - (i) The amount specified in Section III A.1.a. of this Agreement less any interest granted by CRS on the Member's contributions; and,

(ii) The amount specified in Section III A.1.b. of this Agreement.

d. If CRS fails to transfer monies, as required under this Agreement, SERS shall notify the Member that CRS has failed to transfer the sums required and shall not grant service credit for the Year of Service.

## 2. Refunded Contributions

Only an Eligible SERS Member who has eighteen (18) months of contributing service credit with SERS is eligible to receive credit in SERS for Eligible Service Credit in CRS for which the Member has received a refund of contributions or payments from CRS. SERS agrees to grant the Eligible SERS Member service credit pursuant to Section IV of this Agreement subject to the following terms and payment of the following sums:

a. An Eligible SERS Member shall pay to SERS for each Year of Service to be transferred an amount equal to the amount refunded by CRS to the Eligible Member for each Year of Service with interest calculated at a rate established by the School Employees Retirement Board on that amount from the date of the refund to the date of the payment;

b. SERS shall notify CRS when it has received the payment set forth in Section III A.2.a. of this Agreement from the Eligible SERS Member for all Years of Service that the Eligible Member has elected to be transferred. Within sixty days of receiving notice from SERS, CRS agrees to transfer to SERS an amount equal to the sum of the following:

(i) Interest calculated as set forth in Section VI of this Agreement on the amount refunded to the Member that is attributable to each Year of Service for which the Eligible Member has paid the amount required under Section III A.2.a of this Agreement from the last day of the year in which the Year of Service was earned or in which payment was made for purchased military service credit to the date the refund was made. This amount shall not include any amount of interest or employer contributions included in the refund CRS paid to the Member;

(ii) An amount equal to the lesser of the employer's contributions to CRS or the amount that would have been contributed by the employer for the service had the person been a member of SERS when the Year of Service was earned with interest calculated as set forth in Section VI of this Agreement on that amount from the last day of the year in which the Year of Service was earned to the date of the transfer.

c. When the transfer of Eligible Service Credit involves refunded contributions and the Eligible SERS Member elects to purchase only a part of the total Eligible Service Credit available, or when the Accepting System does not receive payment of the full amount due from the Eligible Member, the Accepting System shall prorate the amount of service to be granted based

upon the payment received. The Accepting System shall notify the Transferring System of the prorated credit to be granted and the Transferring System shall be obligated to transfer the sums attributable to the prorated service credit to be granted. Upon receipt of the transferred monies, the Accepting System shall grant the prorated credit. Service credit shall be deemed to be transferred from the latest date to the earliest date. Military service credit shall be deemed earned as of the date it was obtained or purchased.

- d. If CRS fails to transfer monies, as required under this Agreement, SERS shall notify the Member that CRS has failed to transfer the sums required and shall refund the sums, if any, paid to SERS by the Member for the Year of Service.

B. Transfer of service credit from SERS to CRS

CRS agrees to grant an Eligible CRS Member credit pursuant to Section IV of this Agreement for Eligible Service Credit the member has in SERS upon receipt of the monies set forth in the applicable Section III B.1. or B.2. of this Agreement. SERS agrees to transfer the amounts specified in applicable Section III B.1. or B.2. within sixty days after receiving notice from CRS that an Eligible CRS Member has completed the required election form and paid any amounts required under Section III B.2.a. of this Agreement.

1. Contributions on Deposit

If the Eligible CRS Member has contributions on deposit with SERS, CRS agrees to grant the Member credit after receiving from SERS the sum of the following for each Year of Service to be transferred from SERS.

- a. An amount equal to the Member's contributions to SERS and payments made by the Member for purchased military service credit plus any interest granted by SERS on the Member's contributions.
- b. An amount equal to the lesser of the employer's contributions to SERS or the amount that would have been contributed by the employer for the service had the person been a member of CRS when the Year of Service was earned.
- c. Interest calculated as set forth in Section VI of this Agreement from the last day of the year in which the Year of Service was earned or in which payment was made for military service credit to the date the transfer was made on the following amounts:
  - (i) The amount specified in Section III B.1.a. of this Agreement less any interest granted by SERS on the Member's contributions; and,
  - (ii) The amount specified in Section III B.1.b. of this Agreement.
- d. If SERS fails to transfer monies, as required under this Agreement, CRS

shall notify the Member that SERS has failed to transfer the sums required, and shall not grant the service credit for the Year of Service.

## 2. Refunded Contributions

CRS agrees to grant service credit in CRS, pursuant to Section IV of this Agreement, for which the Eligible CRS Member has Eligible Service Credit in SERS subject to the following terms and payment of the following sums:

- a. An Eligible CRS Member shall pay to CRS an amount equal to the amount refunded by SERS to the Eligible Member for each Year of Service with interest calculated at a rate established by the CRS Board of Trustees on that amount from the date of the refund to the date of the payment.
- b. CRS shall notify SERS when it has received the payment set forth in Section III B.2.a. from the Eligible CRS Member for all Years of Service that the Eligible Member has elected to be transferred. Within sixty days of receiving notice from CRS, SERS agrees to transfer to CRS an amount equal to the sum of the following:
  - (i) Interest calculated as set forth in Section VI of this Agreement on the amount refunded to the Member that is attributable to each Year of Service for which the Eligible Member has paid the amount required under Section III B.2.a. of this Agreement from the last day of the year in which the Year of Service was earned or in which payment was made for purchased military credit to the date the refund was made. This amount shall not include any amount of interest or employer contributions included in the refund SERS paid to the Member;
  - (ii) An amount equal to the lesser of the employer's contributions to SERS or the amount that would have been contributed by the employer for the service had the person been a member of CRS when the Year of Service was earned with interest calculated as set forth in Section VI of this Agreement on that amount from the last day of the year in which the Year of Service was earned to the date of the transfer.
- c. When the transfer of Eligible Service Credit involves refunded contributions and the Eligible CRS Member elects to purchase only a part of the total Eligible Service Credit available, or when the Accepting System does not receive payment of the full amount due from the Eligible Member, the Accepting System shall prorate the amount of service to be granted based upon the payment received. The Accepting System shall notify the Transferring System of the prorated credit to be granted and the Transferring System shall be obligated to transfer the sums attributable to the prorated service credit to be granted. Upon receipt of

the transferred monies, the Accepting System shall grant the prorated credit. Service credit shall be deemed to be transferred from the latest date to the earliest date. Military service credit shall be deemed earned as of the date it was obtained or purchased.

- d. If SERS fails to transfer monies, as required under this Agreement, CRS shall notify the Member that SERS has failed to transfer the sums required and shall refund the sums, if any, paid to CRS by the Member for the Year of Service.

#### **Section IV - Service Credit Granted**

The Accepting System shall grant service credit to the Eligible Member for a specific period of Eligible Service Credit to be transferred from the Transferring System as allowed by the Accepting System's applicable service credit law, subject to the payment of sums provided under Section III of this Agreement and the provisions set forth in Section V of this Agreement. The Accepting System shall not require the transfer or payment of monies as to military service credit to be transferred that was granted by the Transferring System without payment of any contributions or other sums.

The Accepting System shall withdraw service credit and refund all amounts paid or transferred to obtain the credit if the member fails to retire or accept a disability benefit not later than ninety days after receiving notice from the Accepting System that the credit has been obtained or if the member's application for disability is denied. When the withdrawn credit was obtained from a transfer of contributions and interest, the Transferring System shall restore the Eligible Member's cancelled service credit and account balance to their pre-transfer status.

#### **Section V - Ineligible Credit**

- A. Service credit that has been used to calculate any retirement allowance or pension benefit currently being paid or payable in the future may not be transferred pursuant to this Agreement.

- B. Concurrent Service

Credit transferable under this Agreement shall not exceed one year of credit for any twelve-month period of service. If the period of service for which credit is to be transferred under this Agreement is concurrent with a period of service that will be used to calculate a retirement benefit under the Accepting System, the amount of credit shall be adjusted in accordance with the Accepting System's applicable law, policies, or procedures.

#### **Section VI Interest**

Interest charged under Section III of this Agreement shall be calculated separately for each year of Eligible Service Credit. Unless otherwise specified, it shall be calculated at the lesser

of the actuarial assumption rate of SERS or CRS for that year in which the credit was earned. The interest shall be compounded annually. The actuarial assumption rates, and employee and employer contribution rates from the year 1960 through the year 2022 for SERS are attached as Exhibit A, and for CRS from the year 1957 through the year 2022 as Exhibit B. SERS and CRS shall notify each other of any change to these rates.

### **Section VII - Effect of Transfer**

- A. The granting of service credit by the Accepting System under this Agreement, upon receipt of transferred contributions on deposit plus interest from the Transferring System, cancels an equivalent amount of service credit in the Transferring System.
- B. Any other effects of the transfer on the Eligible Member's entitlement to retirement, pension, disability, or other benefits under the Accepting System and the Transferring System shall be determined under the terms of SERS and CRS laws, policies, or procedures.
- C. This Agreement is in no way intended to restrict or limit the power of:
  - 1. The legislative authority of the City to amend the provisions of the CRS laws, or the authority of the Ohio General Assembly to amend the provisions of SERS laws, including, and without limitation, amendments that reduce the amount of, or restrict the availability of, pension and other benefits attributable to service credit that has been transferred under this Agreement; or,
  - 2. The Boards of Trustees of CRS or of SERS to adopt rules, regulations, procedures and other administrative practices, including, and without limitation, rules, regulations, procedures and other administrative practices that reduce the amount of, or restrict the availability of, pension or other benefits attributable to service credit that has been transferred under this Agreement.

### **Section VIII - Certified Copies**

At the written request of the Accepting System, the Transferring System shall certify in writing to the Accepting System a copy of the records of the service and contributions of a member who seeks to transfer service credit under O.R.C. 3309.75 or O.R.C. 3309.76.

### **Section IX - Modifications**

The terms and conditions of this Agreement can only be modified if both parties approve any modification in writing and signed by their authorized representative.

## **Section X - Term of Agreement**

This amended agreement will commence October 1, 2023 Either party can terminate this Agreement upon one hundred twenty days prior written notice to the other party.

## **Section XI - Effect of Termination**

The termination of this Agreement shall not affect any transfer of Eligible Service Credit or contributions made between SERS and CRS that are completed prior to termination. If an Eligible Member of SERS or CRS, prior to the effective termination date of this Agreement, has paid the Accepting System, or commenced to pay the Accepting System by payroll deduction or other form of installment payment, the amounts due under Section III A.2.a. or B.2.a. of this Agreement for Eligible Service Credit where contributions had been refunded, SERS and CRS shall complete the transfer of Eligible Service Credit in accordance with the terms of this Agreement that were in effect as of the effective date of termination.

## **Section XII - Governing Law**

This Agreement shall be governed by the laws of the State of Ohio as to all matters, including, but not limited to, matters of validity, construction, effect and performance, regardless of laws that might be applicable under conflict of law principles.

## **Section XIII - Notice**

Notices required or permitted under this Agreement shall be in writing and be sent regular U.S. mail, addressed as follows:

If to SERS:  
School Employees Retirement System  
300 East Broad Street, Suite 100  
Columbus, OH 43215  
Attn: Executive Director

If to CRS:  
Cincinnati Retirement System  
801 Plum Street, Room 348  
Cincinnati, OH 45202  
Attn: CRS Director

Any changes in the address for notice shall be made in writing and mailed as set forth in this Section.

**Section XIV - Transfer of Monies**

Each party shall provide the other party with current written instructions for the transfer of monies when it is the Accepting System in a transfer.

CITY OF CINCINNATI  
ON BEHALF OF  
THE BOARD OF TRUSTEES OF  
THE CINCINNATI RETIREMENT  
SYSTEM

By: \_\_\_\_\_  
Sheryl M. M. Long, City Manager

Date: \_\_\_\_\_

RECOMMENDED BY

\_\_\_\_\_  
Name: Jon Salstrom  
Title: Executive Director, Retirement

APPROVED AS TO FORM:

\_\_\_\_\_  
Assistant City Solicitor

SCHOOL EMPLOYEES RETIREMENT  
SYSTEM  
OF OHIO

BY: \_\_\_\_\_  
Richard Stensrud, Executive Director

Date: \_\_\_\_\_

## Exhibit A

### SERS Actuarial Assumption Rates

1960	3.00%	1985	7.50%	2010	8.00%
1961	3.00%	1986	7.50%	2011	7.75%
1962	3.00%	1987	7.50%	2012	7.75%
1963	3.00%	1988	7.50%	2013	7.75%
1964	3.13%	1989	7.50%	2014	7.75%
1965	3.25%	1990	7.50%	2015	7.75%
1966	3.25%	1991	7.75%	2016	7.50%
1967	4.00%	1992	7.75%	2017	7.50%
1968	4.00%	1993	7.75%	2018	7.50%
1969	4.00%	1994	7.75%	2019	7.50%
1970	4.00%	1995	7.75%	2020	7.50%
1971	4.00%	1996	8.25%	2021	7.00%
1972	4.25%	1997	8.45%	2022	7.00%
1973	4.50%	1998	8.25%		
1974	4.75%	1999	8.25%		
1975	4.94%	2000	8.25%		
1976	5.00%	2001	8.25%		
1977	5.00%	2002	8.25%		
1978	5.00%	2003	8.25%		
1979	5.00%	2004	8.25%		
1980	5.00%	2005	8.25%		
1981	7.50%	2006	8.00%		
1982	5.50%	2007	8.00%		
1983	5.50%	2008	8.00%		
1984	7.50%	2009	8.00%		

## Exhibit A

### SERS Employee & Employer Contribution Rates

Year	Member Contribution Rate	Employer Contribution Rate
1960	7.00%	9.22%
1961	7.00%	9.22%
1962	7.00%	9.22%
1963	7.00%	9.22%
1964	7.00%	9.22%
1965	7.00%	9.22%
1966	7.00%	10.00%
1967	7.00%	10.00%
1968	7.00%	10.00%
1969	7.90%	10.00%
1970	7.90%	11.40%
1971	7.90%	11.40%
1972	7.90%	11.40%
1973	7.90%	11.40%
1974	7.95%	12.50%
1975	8.00%	12.50%

Year	Member Contribution Rate	Employer Contribution Rate
1976	8.00%	12.50%
1977	8.00%	12.50%
1978	8.00%	12.50%
1979	8.00%	12.50%
1980	8.00%	12.50%
1981	8.00%	12.50%
1982	8.00%	12.50%
1983	8.00%	12.50%
1984	8.75%	14.00%
1985	8.75%	14.00%
1986	8.75%	14.00%
1987	8.75%	14.00%
1988	8.75%	14.00%
1989	8.75%	14.00%
1990	9.00%	14.00%
1991	9.00%	14.00%

<b>Year</b>	<b>Member Contribution Rate</b>	<b>Employer Contribution Rate</b>
1992	9.00%	14.00%
1993	9.00%	14.00%
1994	9.00%	14.00%
1995	9.00%	14.00%
1996	9.00%	14.00%
1997	9.00%	14.00%
1998	9.00%	14.00%
1999	9.00%	14.00%
2000	9.00%	14.00%
2001	9.00%	14.00%
2002	9.00%	14.00%
2003	10.00%	14.00%
2004	10.00%	14.00%
2005	10.00%	14.00%
2006	10.00%	14.00%
2007	10.00%	14.00%

<b>Year</b>	<b>Member Contribution Rate</b>	<b>Employer Contribution Rate</b>
2008	10.00%	14.00%
2009	10.00%	14.00%
2010	10.00%	14.00%
2011	10.00%	14.00%
2012	10.00%	14.00%
2013	10.00%	14.00%
2014	10.00%	14.00%
2015	10.00%	14.00%
2016	10.00%	14.00%
2017	10.00%	14.00%
2018	10.00%	14.00%
2019	10.00%	14.00%
2020	10.00%	14.00%
2021	10.00%	14.00%
2022	10.00%	14.00%

## Exhibit B

### Cincinnati Retirement System Actuarial Summary

Year	RateType	Actuary	Empyr	EE
1951	CRS	0.035	0.0993	0.06
1952	CRS	0.035	0.0993	0.06
1953	CRS	0.035	0.0993	0.06
1954	CRS	0.035	0.0993	0.06
1955	CRS	0.035	0.0993	0.06
1956	CRS	0.035	0.0993	0.06
1957	CRS	0.035	0.0993	0.06
1958	CRS	0.035	0.0998	0.06
1959	CRS	0.035	0.0995	0.06
1960	CRS	0.035	0.0993	0.06
1961	CRS	0.035	0.115	0.06
1962	CRS	0.035	0.1157	0.06
1963	CRS	0.035	0.1155	0.06
1964	CRS	0.0375	0.1079	0.06
1965	CRS	0.0375	0.1073	0.06
1966	CRS	0.0375	0.1056	0.06
1967	CRS	0.0375	0.1059	0.06
1968	CRS	0.04	0.1042	0.06
1969	CRS	0.04	0.1041	0.06
1970	CRS	0.04	0.1114	0.06
1971	CRS	0.04	0.1179	0.06
1972	CRS	0.04	0.1192	0.06
1973	CRS	0.04	0.1206	0.06
1974	CRS	0.04	0.1194	0.06
1975	CRS	0.04	0.1252	0.06
1976	CRS	0.04	0.1341	0.06
1977	CRS	0.04	0.1422	0.06
1978	CRS	0.04	0.1465	0.07
1979	CRS	0.04	0.1493	0.07
1980	CRS	0.065	0.1566	0.07
1981	CRS	0.065	0.1588	0.07
1982	CRS	0.065	0.1621	0.07
1983	CRS	0.065	0.1621	0.07
1984	CRS	0.065	0.1575	0.07
1985	CRS	0.075	0.1645	0.07
1986	CRS	0.075	0.1441	0.07
1987	CRS	0.075	0.1411	0.07
1988	CRS	0.075	0.1491	0.07
1989	CRS	0.075	0.1809	0.07

Year	RateType	Actuary	Empyr	EE
1990	CRS	0.0825	0.1467	0.07
1991	CRS	0.0825	0.1675	0.07
1992	CRS	0.0825	0.1675	0.07
1993	CRS	0.0825	0.1675	0.07
1994	CRS	0.0825	0.189	0.07
1995	CRS	0.0875	0.189	0.07
1996	CRS	0.0875	0.189	0.07
1997	CRS	0.0875	0.189	0.07
1998	CRS	0.0875	0.14	0.07
1999	CRS	0.0875	0.07	0.07
2000	CRS	0.0875	0.07	0.07
2001	CRS	0.0875	0.07	0.07
2002	CRS	0.0875	0.07	0.07
2003	CRS	0.0875	0.07	0.07
2004	CRS	0.0875	0.11	0.07
2005	CRS	0.0875	0.11	0.07
2006	CRS	0.0875	0.17	0.07
2007	CRS	0.08	0.2177	0.07
2008	CRS	0.08	0.17	0.07
2009	CRS	0.08	0.17	0.07
2010	CRS	0.08	0.17	0.075
2011	CRS	0.08	0.17	0.08
2012	CRS	0.075	0.18	0.085
2013	CRS	0.075	0.2	0.09
2014	CRS	0.075	0.22	0.09
2015	CRS	0.075	0.14	0.09
2016	CRS	0.075	0.1625	0.09
2017	CRS	0.075	0.1625	0.09
2018	CRS	0.075	0.1625	0.09
2019	CRS	0.075	0.1625	0.09
2020	CRS	0.075	0.1625	0.09
2021	CRS	0.075	0.1625	0.09
2022	CRS	0.075	0.1625	0.09
2023	CRS	0.075	0.1625	0.09

**TRANSFER OF SERVICE CREDIT AGREEMENT WITH CRS**

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ that the Executive Director be authorized to negotiate and execute a Transfer of Service Agreement between SERS and the City of Cincinnati on behalf of the Board of Trustees of the Cincinnati Retirement System, as authorized by sections 3309.74 – 3309.76 of the Ohio Revised Code, that amends and replaces the Transfer of Service Credit Agreement entered into by the parties on December 3, 2001. The effective date of the new agreement is October 1, 2023.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

# Memo

**To:** SERS Retirement Board  
**From:** Richard Stensrud, Executive Director  
**cc:** Karen Roggenkamp, Deputy Executive Director  
**Date:** September 15, 2023  
**Re:** CBBC

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In order to move forward on implementation of the Contribution Based Benefit Cap (CBBC), the Board will need to adopt the 'factor' that will be used as the multiplier of the employee contribution annuity that is compared to the formula benefit. This multiplier/factor establishes the 'outer limit' of the acceptable gap between the formula benefit and the contribution-funding benefit.

To assist with the assessment of what the factor should be, the Board has been provided with the following information:

- An analysis of the retirements in 2023 that shows how many retirees would have been impacted if the factor was set at 3, 4, 5, 5.5 and 6 or above. As you will see, of the nearly 3,000 retirements in 2023, only 22 people would have been impacted by the CBBC if the factor was set at 5.5 and only 10 people would have been impacted if the factor was set at 6. You have also been provided with information regarding the career profile of the people who would have been impacted to help you identify the elements that would have triggered application of the CBBC.
- Scenarios drawn from actual retirements that show how/whether a CBBC with a factor of 5 or 6 would impact retirees with different career patterns and compensation history. The scenarios include:
  - Three members, at different salary levels, with steady compensation increases.
  - Two members with steady compensation increases compared to a member with compensation inflation in their last three years.
  - A member with steady compensation increases compared to a member switching to full time after 20 years of part time hours worked.

- A member retiring at 65 compared to a member retiring at 52. Each member furthered their education and changed jobs ten years from retirement.
- A member with extremely low compensation for most of their career followed by three years of high earnings.
- A summary of the scenarios.

Please note that making a decision on the CBBC factor sooner rather than later is important because it will allow Staff to counsel, communicate with, and assist members in determining whether the CBBC will impact them, and if so, what the impact will be.

I hope the information provided is helpful for your discussion and consideration of what the CBBC factor should be.



## Memorandum

### **Cavanaugh Macdonald Consulting, LLC**

To: Board of Trustees, School Employee Retirement System of Ohio (SERS)  
From: Todd Green, John Garrett  
Date: 9/11/2023  
Re: Contribution Based Benefit Cap (CBBC) Factor

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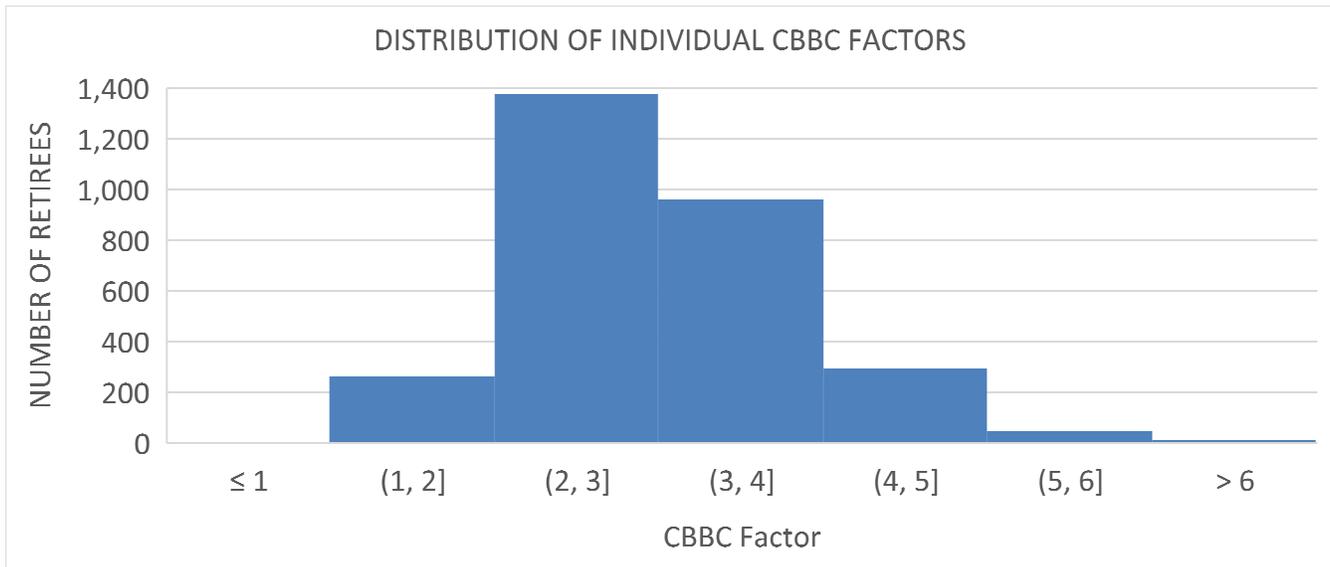
The CBBC formula relates a retiree's pension formula benefit to the retiree's annuitized accumulated contributions at retirement multiplied by a CBBC Factor. The CBBC is intended to eliminate pension "spiking". It ensures that the member has contributed a fair amount of contributions throughout their career to the fund in relationship to the member's retirement benefit. With the assistance of the actuary, the Board must adopt the factor. As an example, we have prepared a hypothetical calculation assuming the CBBC Factor adopted by the Board is 5.5. In the example below, participant #2's normal form retirement benefit is reduced by \$8,393. This reduction is due to lower member contributions throughout participant #2's career as compared to participant #1.

	Participant #1	Participant #2
A. Accumulated Contributions (No Interest)	\$155,439	\$74,706
B. Retirement Age	67	67
C. Final Average Earnings	\$82,353	\$82,353
D. Service at Retirement	27	27
E. Normal Form Retirement Benefit	\$48,917	\$48,917
F. Annuity Factor	10.1397	10.1397
G. Annuitized Contributions (A. / F.)	\$15,330	\$7,368
H. CBBC Factor	5.50	5.50
I. CBBC Benefit Limit (5.5 x G.)	\$84,315	\$40,524
J. Final Normal Form Retirement Benefit	\$48,917	\$40,524

In order to assist the Board in selecting the Factor, we have performed an analysis of recent retirees for the period beginning July 1, 2022 up to June 30, 2023. In this analysis, we calculated the individual CBBC Factor for each new retiree. The individual CBBC factor is equal to the retiree's normal form retirement benefit divided by the retiree's annuitized accumulated contributions at retirement. In our previous example participant #1's individual CBBC factor is 3.19 (\$48,917 divided by \$15,330) and participant #2's individual CBBC factor is 6.64 (\$48,917 divided by \$7,368). The data set included 2,951 new retirees. Of the total, four retirees were



excluded due to incomplete data. The table below illustrates our findings. Of the total, the CBBC factor for 56 retirees exceeded 5.0. If the Board adopted a CBBC Factor of 5.0, then these 56 retirees normal form retirement benefit would be limited. In contrast, if the Board adopted a CBBC Factor of 6.0, then only 10 retirees normal form retirement benefit would be limited.



Staff has reviewed the analysis for retirees who had individual CBBC factors greater than 5.5. Factors that contributed to CBBC Factor exceeding 5.5 are as follows:

- Part time service, followed by full time service during the final years of employment;
- Traditional salary “spiking” during the three-year averaging period;
- Grandfathered members who retired with 30 years of service at younger ages;
- Possible career changes that produced rapid salary growth halfway or near the end of their careers;
- Joint retirement with another system, where compensation was higher at the other system;
- Combinations of the above .

In our opinion, the implementation of a CBBC is a fair and effective method to protect the System from the adverse experience associated with salary spiking and part-time to full-time late career changes. Limiting the perceived advantage of these sources of adverse plan experience should be expected to also limit their occurrence.

We look forward to addressing any questions which the Board may pose.



# CBBC EXPLAINED

September 2023

The following Contribution Based Benefit Cap (CBBC) scenarios were developed to demonstrate how the CBBC prevents excessive benefit inflation (spiking) in a manner that provides a measure of equity. The CBBC benefit calculation does not replicate the Formula Benefit calculation (2.2% of FAS x Years of Service Credit); instead, it uses the following three components to determine the CBBC benefit:

- Accumulated contributions: the amount members paid into the system
- Annuity factor: age-based number provided by SERS' actuary that converts the accumulated contributions to an annuity payable over the retiree's expected remaining life; and
- CBBC factor: a figure set by the Board that reflects the acceptable size of the gap between the Formula Benefit and the annuity payable based on the accumulated contributions.

In these scenarios, the CBBC benefit is reflected at a factor of 5 and 6. Based on the data reviewed, most SERS members have contribution histories that result in a CBBC factor that is less than 4.

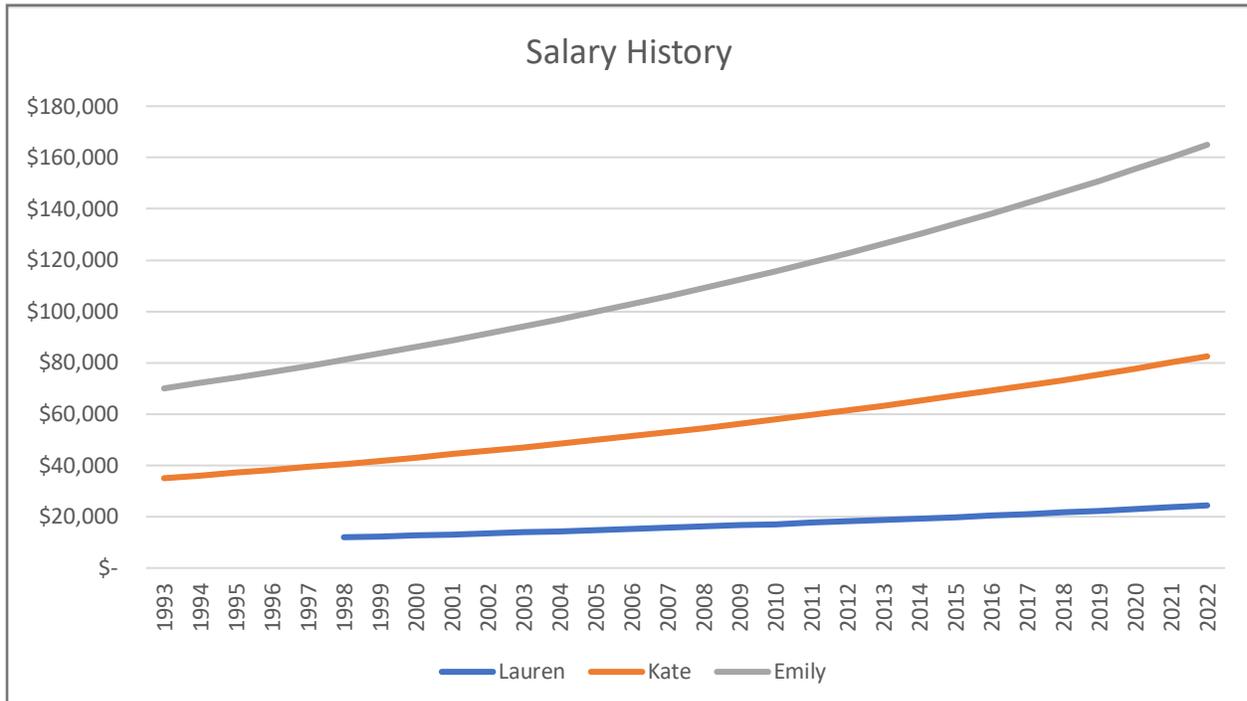
However, as demonstrated below, some members contribute in such a way that their CBBC factor is greater than 5 (i.e., their Formula Benefit is at least 5 times greater than their contribution-based annuity). With a high annuitized contribution to Formula Benefit ratio, it is the system that subsidizes the Formula Benefits for these members since contributions and investment returns may not adequately fund their benefit. The higher a member's CBBC factor, the greater the likelihood and extent of subsidization by SERS. The CBBC serves as a limit on how much the System will tolerate as to an individual Formula Benefit.

Of great importance is the CBBC factor the Board wishes to use – a CBBC factor that is too low may capture too many members, while a CBBC factor that is too high may unfairly reward members whose contributions have not adequately funded their Formula Benefit. The Board will need to decide where the equity line should be drawn.

The following pages demonstrate different scenarios:

- [Full Career, Regular Raises](#) – [Three members with steady compensation increases](#)
- [Full Career, Above Market Raises](#) – [Two members with steady compensation increases compared to a member with salary spiking their last three years](#)
- [Part Time vs. Full Time](#) – [One member with steady compensation increases compared to a member switching to full time after 20 years of part time hours worked](#)
- [Younger vs. Older Retirement Age](#) – [One member retiring at 65 compared to a member retiring at 52. Each member furthered their education and changed jobs 10 years from retirement.](#)
- [Late Career Salary Boost](#) – [One member with extremely low wages for most of their career follow by three years of high earnings](#)
- [Overview](#) – [A summary of all scenarios](#)
- [CBBC Impact on Prior Retirements](#)

## Full Career, Regular Raises

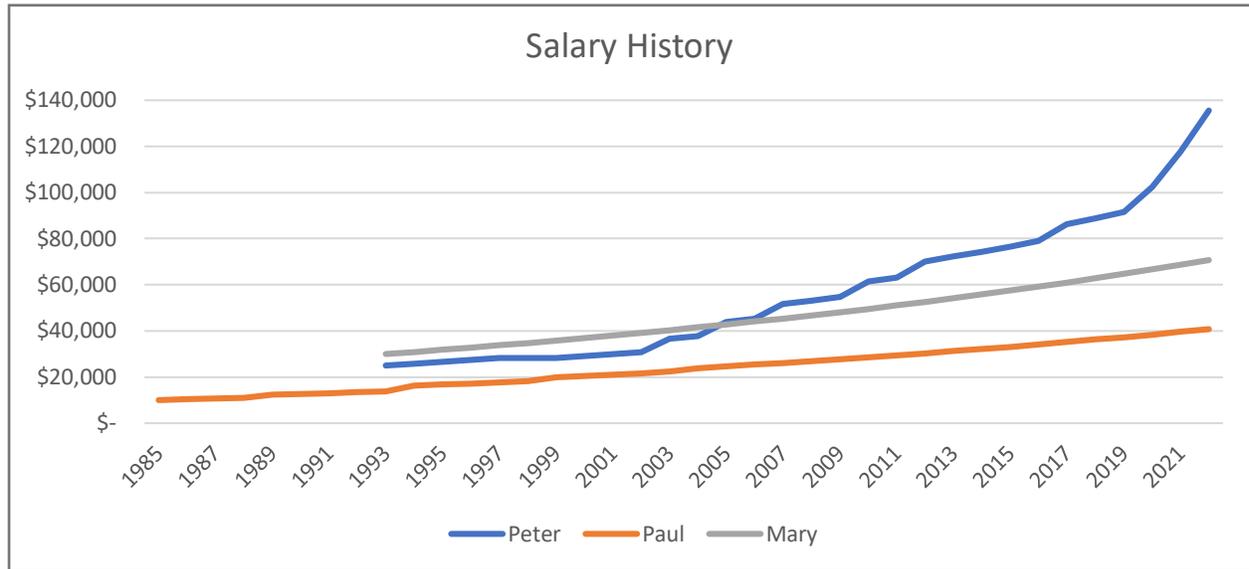


	Lauren	Kate	Emily
<b>Age</b>	67	65	57
<b>Years of Service Credit</b>	25	30	30
<b>3-Yr FAS</b>	\$ 23,690	\$ 80,101	\$ 160,202
<b>Accumulated Contributions</b>	\$ 42,975	\$ 162,031	\$ 324,062
<b>Formula Benefit</b>	<b>\$ 13,029</b>	<b>\$ 52,867</b>	<b>\$ 105,733</b>
<b>Actual CBBC Factor</b>	3.07	3.45	3.88
<b>CBBC Cap - 5</b>	\$ 21,191	\$ 76,700	\$ 136,315
<b>CBBC Cap - 6</b>	\$ 25,430	\$ 92,040	\$ 163,578

This scenario reflects three members with different salaries, but they all received the same 3% salary increase annually over their 25-30 years of service.

Members with normal salary increases adequately contribute toward their formula benefit. However, members should consider their age at retirement when planning for retirement, as younger retirement ages can lead to incremental increases in their CBBC factor.

## Full Career, Above Market Raises

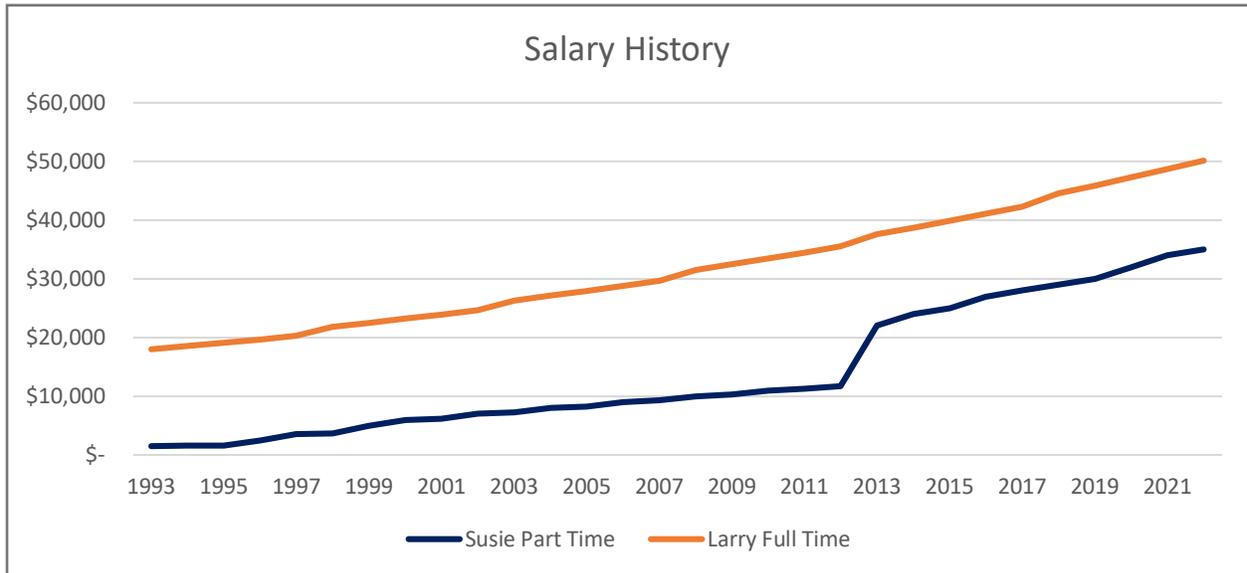


	Peter	Paul	Mary
<b>Age</b>	60	60	60
<b>Years of Service</b>	30	38	30
<b>3-Yr FAS</b>	\$ 118,637	\$ 39,581	\$ 68,658
<b>Accumulated Contributions</b>	\$ 168,927	\$ 86,815	\$ 138,884
<b>Formula Benefit</b>	\$ 78,301	<b>\$ 34,040</b>	<b>\$ 45,314</b>
<b>Actual CBBC Factor</b>	5.31	4.49	3.74
<b>CBBC Cap - 5</b>	<b>\$ 73,720</b>	\$ 37,886	\$ 60,609
<b>CBBC Cap - 6</b>	\$ 88,464	\$ 45,463	\$ 72,731

In this scenario, we have three members of the same age with various years of service. Peter's salary history reflects a 30-year career with varying changes in salary including periods of steady increases, no increases, various bonuses, and above market salary increases near the end of his career. Paul's salary history reflects a 38-year career with steady salary increases. Mary's career, while shorter, also reflects steady salary increases.

Peter's above market salary increases near the end of his career would result in his benefit being capped with a CBBC factor of 5; however, it would not have been capped with a CBBC factor of 6.

## Part Time vs. Full Time

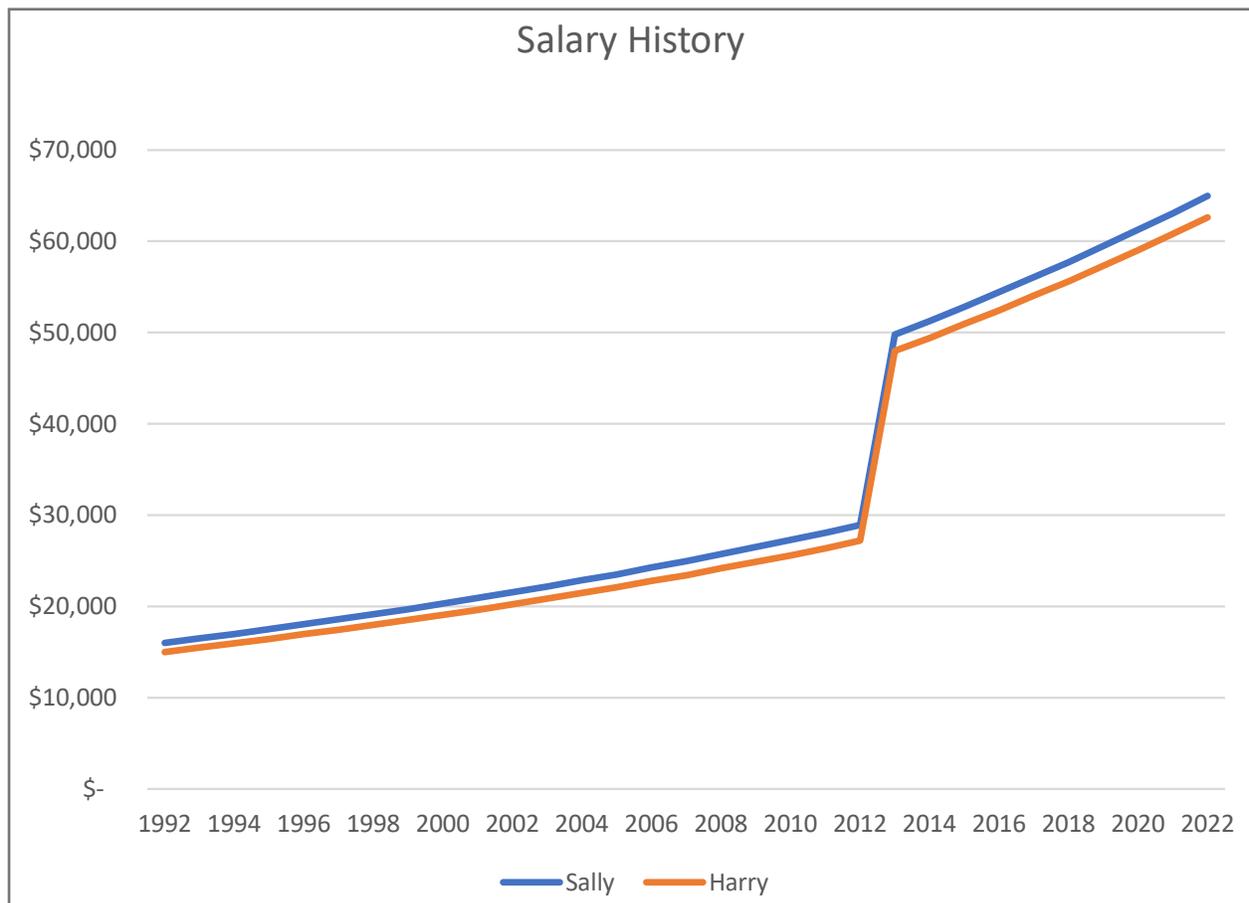


	Susie P-T	Larry F-T
<b>Age</b>	65	65
<b>Years of Service</b>	30	30
<b>3-Year FAS</b>	\$ 33,673	\$ 48,701
<b>Accumulated Contributions</b>	\$ 41,606	\$ 93,126
<b>FAS Benefit</b>	\$ 22,224	<b>\$ 32,143</b>
<b>Actual CBBC Factor</b>	5.64	3.65
<b>CBBC Cap - 5</b>	<b>\$ 19,695</b>	\$ 44,082
<b>CBBC Cap - 6</b>	\$ 23,633	\$ 52,899

In this scenario we have one member, Susie P-T, who worked part time while her children were in school. Once they graduated, she switched to full-time hours. Larry F-T worked full time his entire career, receiving normal salaries increases.

Susie's switch to full-time work during her final ten years would result in her benefit being capped with a CBBC factor of 5; however, it would not have been capped with a CBBC factor of 6.

## Younger vs. Older Retirement Age

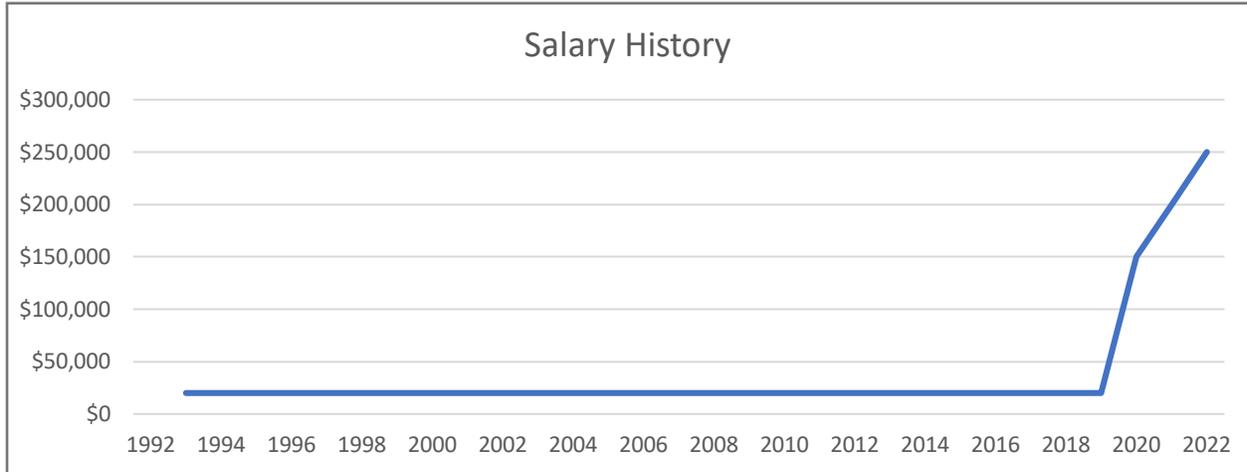


	Sally	Harry
<b>Age</b>	65	52
<b>Years of Service</b>	31	31
<b>3-Year FAS</b>	\$ 63,105	\$ 60,816
<b>Accumulated Contributions</b>	\$ 100,754	\$ 96,034
<b>FAS Benefit</b>	<b>\$ 43,227</b>	\$ 41,659
<b>Actual CBBC Factor</b>	4.53	5.41
<b>CBBC Cap - 5</b>	\$ 47,693	<b>\$ 38,516</b>
<b>CBBC Cap - 6</b>	\$ 57,232	\$ 46,219

In this scenario we have one member, Sally, who started her career at 35. Harry started his career at 22. They both work the same number of years with similar salaries. While they both worked 31 years, Harry retired at 52, as he was grandfathered under the previous retirement eligibility rules.

Given Harry's young retirement, he is expected to receive retirement benefits longer than Sally. The annual benefit based on his accumulated contributions would be paid out over more years resulting in a smaller annual benefit and a higher CBBC factor. Harry's scenario would result in his benefit being capped with a CBBC factor of 5; however, it would not have been capped with a CBBC factor of 6.

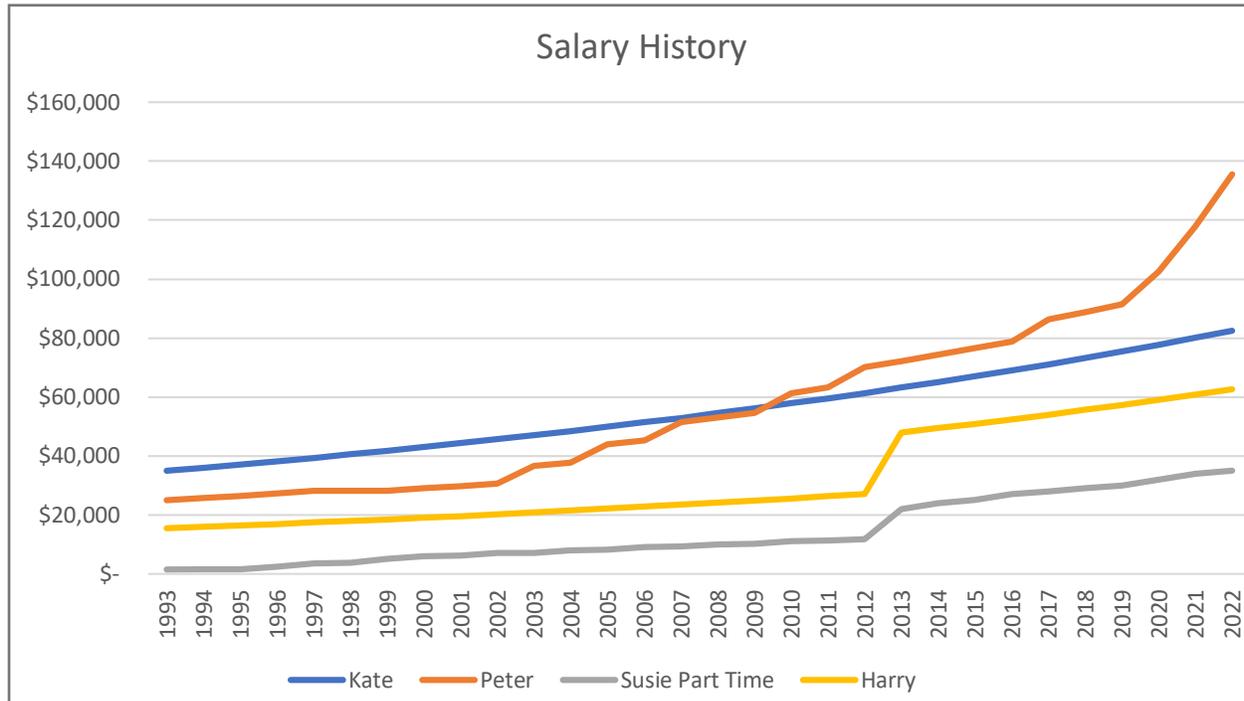
## Late Career Salary Boost



	<b>Max</b>
<b>Age</b>	65
<b>Years of Service</b>	30
<b>3-Year FAS</b>	\$ 200,000
<b>Accumulated Contributions</b>	\$ 111,800
<b>FAS Benefit</b>	\$ 132,000
<b>Actual CBBC Factor</b>	12.47
<b>CBBC Cap - 5</b>	<b>\$ 52,922</b>
<b>CBBC Cap - 6</b>	<b>\$ 63,506</b>

Max contributes on a salary in the lower to mid-20's his first 27 years, but Max's salary increases drastically during his last three years of service to a quarter-million dollars. This results in a Formula Benefit for Max that exceeds his accumulated contributions in one year. The CBBC ensures Max's benefit is more consistent with his earnings history.

## Overview



	Kate	Peter	Susie P-T	Harry
<b>Scenario</b>	3% annual increase	3% annual increase, occasion bonuses, above market increases last three years	Part time first 20 years. Full time final 10 years	3% annual increase, one \$20K mid-career increase, retire early
<b>Age</b>	65	60	65	52
<b>Years of Service</b>	30	30	30	31
<b>3-Yr FAS</b>	\$ 80,101	\$ 118,637	\$ 33,673	\$ 60,816
<b>Accumulated Contributions</b>	\$ 162,031	\$ 168,927	\$ 41,606	\$ 96,034
<b>Formula Benefit</b>	<b>\$ 52,867</b>	\$ 78,301	\$ 22,224	\$ 41,659
<b>Actual CBBC Factor</b>	3.45	5.31	5.64	5.41
<b>CBBC Cap - 5</b>	\$ 76,700	<b>\$ 73,720</b>	<b>\$ 19,695</b>	<b>\$ 38,516</b>
<b>CBBC Cap - 6</b>	\$ 92,040	\$ 88,464	\$ 23,633	\$ 46,219

A member's CBBC factor at retirement can be influenced by a variety of elements such as the timing of bonuses, above market salary increases, part-time work, and/or career changes. All these scenarios individually or combined have the potential to impact a member's Formula Benefit. While Peter, Susie PT, and Harry's salary scenarios exceeded a CBBC of 5, none of them exceed a CBBC of 6. Only the egregious salary increases included in the Late Career Salary Boost scenario produced a CBBC factor greater than 6 for the scenarios included in this analysis.

## CBBC Impact on Prior Retirements

CBBC Factor	All Age and Service Retirements	
	5/2020-6/2021	7/2022-6/2023
<2	330	262
≥2 but <3	1,380	1,376
≥3 but <4	1,179	961
≥4 but <4.50	309	207
≥4.50 but <5	123	85
≥5 but <5.50	55	34
≥5.50 but <6	17	12
≥6.0	11	10
<b>TOTALS</b>	<b>3,404</b>	<b>2,947</b>

SERS staff consulted with Cavanaugh Macdonald to analyze the CBBC impact on SERS member retirements with benefit effective dates of July 2022 to June 2023 as compared to those with benefit effective dates of May 2020 to June 2021.

### Query Results

- Time Frame July 2022 – June 2023 (compared to May 2020 – June 2021)
- Excludes new disability conversion retirements
- 2,947; Total age and service retirements
- Lowest CBBC: .937
- Highest CBBC: 7.721
- 56 age and service retirements with a CBBC greater than or equal to 5.0 (1.90% of the 2,947 retirements)
- 22 age and service retirements with a CBBC greater than or equal to 5.5 (0.75% of the 2,947 retirements)
- 10 age and service retirements with a CBBC greater than or equal to 6.0 (0.34% of the 2,947 retirements)

**SERS CBBC FACTOR**

It was moved by \_\_\_\_\_ and seconded by \_\_\_\_\_ that based on the advice of SERS' actuary, Cavanaugh Macdonald, and in accordance with R.C. 3309.363(B), the SERS Board selects \_\_\_\_\_ as the CBBC factor.

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

**Only If Needed**

**EXECUTIVE SESSION**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded the motion that the Board go into Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits.

**IN EXECUTIVE SESSION AT \_\_\_\_\_ A.M. / P.M.**

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbra Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____

**RETURNED TO OPEN SESSION AT \_\_\_\_\_ A.M. / P.M.**

# **SERS AUDIT COMMITTEE REPORT**

**AUDIT COMMITTEE CHARTER AMENDMENT**

\_\_\_\_\_ moved and \_\_\_\_\_ seconded to accept the recommendation of the SERS Audit Committee to amend the Audit Committee Charter. Specifically, language in section 1.4 of the Charter that reads "Review the Comprehensive Annual Financial Report" will be amended to state "Review the Annual Comprehensive Financial Report".

Upon roll call, the vote was as follows:

<b><u>ROLL CALL:</u></b>	<b><u>YEA</u></b>	<b><u>NAY</u></b>	<b><u>ABSTAIN</u></b>
Matthew King	_____	_____	_____
Jeffrey DeLeone	_____	_____	_____
James Haller	_____	_____	_____
Catherine Moss	_____	_____	_____
Barbara Phillips	_____	_____	_____
James Rossler	_____	_____	_____
Aimee Russell	_____	_____	_____
Daniel Wilson	_____	_____	_____
Frank Weglarz	_____	_____	_____



BD5-015

## SERS Audit Committee Charter

<b>Effective Date:</b>	03/21/2013	<b>Revision Date:</b>	06/18/2020	<b>Audience:</b>	Everyone
<b>Owner:</b>	Board	<b>Certifier:</b>	Richard Stensrud	<b>Co-Owner (s):</b>	Executive
<b>Document Links:</b>	<a href="#">Purpose</a> , <a href="#">Policy</a> , <a href="#">Procedure</a> , <a href="#">Definitions</a> , <a href="#">Related Documents</a> , <a href="#">Policy History</a>				

### Purpose

The purpose of this Audit Committee Charter is to assist the SERS Board in fulfilling its oversight responsibilities for:

- Financial and non-financial reporting processes;
- The system of internal control and risk management;
- Internal and external audit processes of SERS; and
- Compliance with laws and regulations and SERS' policies governing ethical conduct.

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### Policy

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#### Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Oversee the operations of the internal audit activity.
- Oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the external auditors regarding financial reporting.
- Seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties.
- Meet with SERS' management, internal auditors, external auditors, or outside counsel, as necessary.

#### Composition

The Audit Committee consists of three members of the SERS Board. The Board Chair will appoint the Committee Chair on a biennial basis. Following the appointment of the

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Committee Chair, the Board Chair will ask for other Board members to fill the remaining spots on the Committee, with such commitments being for a two-year term.

Each committee member will be both independent and familiar with the finances of SERS. One committee member will be a retirant member and one committee member will be an employee member. One member shall be an “investment expert” or an “investment designee” as defined in Ohio Revised Code Section 3309.05.

### **Meetings and Communications**

The Committee will hold regular meetings each quarter. Notice for all meetings shall be given in accordance with Rule 3309-1-25. The Committee may also convene additional meetings as circumstances require.

All committee members are expected to attend each meeting. The Committee will invite members of management, internal and external auditors, or others to attend meetings and provide pertinent information as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and approved by the Committee at the subsequent meeting. Meetings will be arranged and conducted in accordance with Ohio’s open meeting laws. Subject to open meeting laws, the Committee may hold executive sessions.

### **Responsibilities**

Certain committee responsibilities will be carried out by the SERS Board at regular Board meetings (external audit results, enterprise risk management, management operational reporting, etc.). The Committee will ensure the following responsibilities are performed:

#### **1. Financial Statements**

- 1.1** Obtain information and training to enhance the Audit Committee members’ expertise in financial reporting standards and processes to reasonably oversee financial reporting.
  - 1.2** Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
  - 1.3** Review with the external auditors the results of the audit, including any difficulties or disagreements encountered.
  - 1.4** Review the Comprehensive Annual Financial Report and related regulatory filings before release and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
  - 1.5** Review with the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.
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- 1.6 Review all significant adjustments proposed by the external auditor.
- 1.7 Review all significant external auditor recommendations and management responses.
- 1.8 Review with General Counsel the status of legal matters that may have an effect on the financial statements.
- 1.9 Review the statement of management's responsibility for internal controls.

## **2. Internal Control**

- 2.1 Review and discuss the organization's risk management and internal control system, including information technology security and control.
- 2.2 Obtain information and training to enhance the Audit Committee members' awareness of the organization's internal controls to limit material weaknesses and fraud.
- 2.3 Understand the scope of Internal Audit's review of risk management and internal control and obtain reports on significant findings and recommendations, together with management's responses.
- 2.4 Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- 2.5 Discuss with the external auditors their review of the organization's internal control over financial reporting.

## **3. Internal Auditing**

- 3.1 Review and approve the Internal Audit Charter, plans, activities, staffing, and organizational structure of the internal audit activity, including succession planning.
  - 3.2 As needed, ensure there are no unjustified scope restrictions or resource limitations placed on the internal audit activity.
  - 3.3 Annually approve the goals and objectives of the Chief Audit Officer (CAO).
  - 3.4 At least quarterly, review the goals of the CAO.
  - 3.5 Annually evaluate the performance of the CAO and deliver an annual written evaluation report to the Board.
  - 3.6 Recommend to the Board salary and benefit changes for the CAO.
  - 3.7 As needed, recommend to the Board the CAO's appointment and/or discharge.
  - 3.8 As needed, meet separately with the CAO to discuss any matters that the Committee or CAO believes should be discussed in executive session.
  - 3.9 Receive and review internal audit reports and management responses as appropriate.
  - 3.10 Review the responsiveness and timeliness of management's follow-up
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activities pertaining to any reported recommendations.

- 3.11 Review periodic updates of advisory and consulting activities by the internal audit activity.
- 3.12 Review the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

#### **4. External Auditing**

- 4.1 Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal auditing.
- 4.2 Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the organization, including non-audit services and compensation practices, and discussing the relationships with the auditors.
- 4.3 As needed, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed in executive session.

#### **5. Compliance**

- 5.1 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- 5.2 Review the findings of any examinations by regulatory agencies, and any auditor observations.
- 5.3 Review the process for communicating applicable policies governing ethical conduct to SERS personnel, and for monitoring compliance therewith.
- 5.4 Obtain regular updates from management and legal counsel regarding compliance matters.

#### **6. Reporting Responsibilities**

- 6.1 Regularly report to the SERS Board about committee activities, issues, and related recommendations.
- 6.2 Provide an open avenue of communication between internal auditors, external auditors, management, and the SERS Board.
- 6.3 As needed, review any other reports the organization issues that relate to committee responsibilities.
- 6.4 In accordance with Ohio Revised Code Section 3309.044, the Committee shall annually prepare and submit to the Ohio Retirement Study Council a report of its actions during the preceding year.

## 7. Other Responsibilities

- 7.1 Perform other activities related to this Charter as requested by the SERS Board.
- 7.2 Institute and oversee special investigations as needed.
- 7.3 Review and assess the adequacy of the Committee Charter annually, requesting SERS Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- 7.4 Review annually that all responsibilities outlined in this Charter have been carried out.
- 7.5 Evaluate the Committee's and individual members' performance on a regular basis.
- 7.6 In accordance with the SERS Reporting of Suspected Misconduct Policy, review results of any suspected misconduct reported to or discovered by the internal audit activity.

### Effective Date

This Audit Committee Charter was adopted by the SERS Board on March 21, 2013, and amended by the Board on February 14, 2014, June 19, 2014, September 17, 2015, June 16, 2016, June 15, 2017, June 21, 2018, and June 18, 2020.

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**Procedures**    None

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### Definitions

None

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### Related Documents and Information

Statutes:                    3309.044

Rules:                        N/A

Document Links:        [Purpose](#), [Policy](#), [Procedure](#), [Definitions](#), [Related Documents](#), [Policy History](#)

Forms:                        ---

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### Policy History

Version1 – March 21, 2013– Created – Approved by Board  
Version 2 – February 14, 2014 – Edited – Approved by Board  
Version 3 – June 19, 2014 – Edited – Approved by Board  
Version 4 – September 17, 2015 – Edited – Approved by Board  
Version 5 – June 16, 2016 – Edited – Approved by Board  
Version 6 – June 15, 2017 – Edited – Approved by Board  
Version 7 – June 21, 2018 – Edited – Approved by Board  
Version 8 – June 18, 2020 – Edited – Approved by Board

**SERS  
COMPENSATION  
COMMITTEE  
UPDATE**

**CALENDAR DATES FOR SERS BOARD MEETINGS FOR 2023 \*\***

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**AUDIT COMMITTEE MEETINGS**

December 20, 2023 – 2:30 p.m. (Weds.)

**COMPENSATION COMMITTEE MEETINGS**

December 21, 2023 – 7:30 a.m. (Thurs.)

**TECHNOLOGY COMMITTEE MEETINGS**

December 21, 2023 – 12:30 p.m. (Thurs.)

**BOARD MEETINGS**

October 19 – 20, 2023 - 8:30 a.m. (Thurs. and Fri.) **\*\* Rescheduled Board Picture Day \*\***

November 16 – 17, 2023 - 8:30 a.m. (Thurs. and Fri.)

December 21 – 22, 2023 - 8:30 a.m. (Thurs. and Fri.)

**\*\*NOTE: The above dates are *tentative*.**

## CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2024 \*\*

### AUDIT COMMITTEE MEETINGS

March 20, 2024 – 2:30 p.m. (Weds.)  
June 19, 2024 – 2:30 p.m. (Weds.)  
September 18, 2024 - 2:30 p.m. (Weds.)  
December 18, 2024 – 2:30 p.m. (Weds.)

### COMPENSATION COMMITTEE MEETINGS

March 21, 2024 – 7:30 a.m. (Thurs.)  
June 20, 2024 – 7:30 a.m. (Thurs.)  
July 18, 2024 – 7:30 a.m. (Thurs.) \* **Special Meeting** \*  
September 19, 2024 – 7:30 a.m. (Thurs.)  
December 19, 2024 – 7:30 a.m. (Thurs.)

### TECHNOLOGY COMMITTEE MEETINGS

March 21, 2024 – 12:30 p.m. (Thurs.)  
June 20, 2024 – 12:30 p.m. (Thurs.)  
September 19, 2024 – 12:30 p.m. (Thurs.)  
December 19, 2024 – 12:30 p.m. (Thurs.)

### BOARD MEETINGS

February 15 - 16, 2024 - 8:30 a.m (Thurs. and Fri.)  
March 21 - 22, 2024 – 8:30 a.m (Thurs. and Fri.)  
April 18 – 19, 2024 - 8:30 a.m. (Thurs. and Fri.)  
May 16 – 17, 2024 – 8:30 a.m (Thurs. and Fri.)  
June 20 - 21, 2024 - 8:30 a.m (Thurs. and Fri.)  
July 18 – 19, 2024 – 8:30 a.m. (Thurs. and Fri.)  
September 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.) **\*\* Board Picture Day \*\***  
October 17 – 18, 2024 – 8:30 a.m. (Thurs. and Fri.)  
November 21 – 22, 2024 – 8:30 a.m (Thurs. and Fri.)  
December 19 – 20, 2024 – 8:30 a.m (Thurs. and Fri.)

**\*\* Please note that these dates and times are tentative.**

**CONTINUED OR NEW BUSINESS**

**Board Information Requested**

**BOARD INFORMATION REQUESTS AND FOLLOW-UP ITEMS**

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**ADJOURNMENT(R)**

\_\_\_\_\_ moved that the SERS Retirement board adjourn to meet on Thursday, October 19, 2023, for their next regularly scheduled meeting.

The meeting adjourned at \_\_\_\_\_ a.m./p.m.

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Frank Weglarz – Chair

\_\_\_\_\_  
Richard Stensrud, Secretary