



**Retirement Board Agenda
November 21, 2024**

Click Link to Join Zoom Meeting:

<https://ohsers.zoom.us/j/92509663721?pwd=oiFPK6kRDH6hJOfixBwskoFF4fsaik.1>

Meeting ID: 925 0966 3721

Password: 12345

To join by phone, dial: (305) 224 1968 and enter the Meeting ID: **965 4917 5579** and Password: **12345** when prompted.

PLEDGE OF ALLEGIANCE

1. Roll Call

CONSENT AGENDA (R)

2. Approval of Minutes of the **October 17, 2024**, Retirement Board Meeting
3. Summary of Investment Transactions
 - September 1, 2024, to September 30, 2024
4. Retirement Report
 - Superannuations, Survivor Benefits and Transfers
 - Special Cases
5. Disability Report
 - Approval of Disability Benefits
 - Termination of Disability Benefits
 - Approval of Appeal of Termination – Any Occupation

EXECUTIVE DIRECTOR'S REPORT

6. Pension and Health Care Annual Actuarial Valuations – CavMac
7. Allocation of Employer Contributions (R)
8. Health Care Surcharge (R)

INVESTMENT REPORT

9. Annual Portfolio Review – Fixed Income
10. Wilshire Quarterly Performance Report as of September 30, 2024
11. Quarterly Investment Report as of September 30, 2024

EXECUTIVE DIRECTOR'S REPORT (CONT.)

12. Executive Session pursuant to R.C. 121.22 (G)(3) to discuss imminent litigation (R)
 - **10:00 AM**
13. Executive Session pursuant to section 121.22 (G)(1) of the Ohio Revised Code to discuss the appointment of a public official (R)
14. Declaration of Election of Employee Member
15. Certification of Election Results by the Attorney General's Office
16. Final Filing of Proposed Rescinded, New and Amended Administrative Rules (R)
17. Review of Administrative Expenses
18. Review of First Quarter Budget to Actual Administrative Expenses for SERS and OSERS Broad Street, LLC
19. Executive Director's Update

RETIREMENT REPORT

20. Executive Session pursuant to R.C. 121.22 (G)(5) to review applications for Disability Retirement Benefits (R) *if needed*

BOARD COMMUNICATION AND POLICY ISSUES

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

ADJOURNMENT

FY2025 SERS Board Roll Call

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

NOVEMBER 2024 CONSENT AGENDA

1. Minutes of the
 - a. **October 17, 2024**, Retirement Board meeting
2. Summary of Investment Transactions – **September 1, 2024 to September 30, 2024**
3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
4. Disability Report
 - a. Approval of Disability Benefits
 - b. Termination of Disability Benefits
 - c. Approval of Appeal of Termination – Any Occupation

APPROVAL OF CONSENT AGENDA

_____ moved and _____ seconded the motion to approve the Consent Agenda for **November 21, 2024**, which includes the following items:

- 1. Minutes of the
 - a. **October 17, 2024**, Retirement Board meeting
- 2. Summary of Investment Transactions – **September 1, 2024 to September 30, 2024**
- 3. Retirement Report
 - a. Superannuations and Survivor Benefits and Transfers
 - b. Special Cases
- 4. Disability Report
 - a. Approval of Disability Benefits
 - b. Termination of Disability Benefits
 - c. Approval of Appeal of Termination – Any Occupation

Upon roll call, the vote was as follows:

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

SERS Retirement Board Meeting Minutes

October 17, 2024

The nine hundredth and seventy-second meeting of the Retirement Board of the School Employees Retirement System was held in the boardroom at 300 E. Broad Street, Columbus, Ohio, and streamed via Zoom videoconferencing on Thursday, October 17, 2024.

Pledge of Allegiance

The special SERS Retirement Board meeting convened at 8:31 a.m. with the Pledge of Allegiance.

Roll Call

The roll call was as follows: Matthew King, Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, and Frank Weglarz. Absent: Catherine Moss and Daniel Wilson. Also attending was Lisa Reid, representative of the Ohio Attorney General's Office. Various members of the SERS staff attended in person while other SERS staff members and members of the public attended virtually.

Consent Agenda

The consent agenda for **October 17, 2024**, included:

- Minutes of the **September 19, 2024**, Retirement Board meetings
- Summary of Investment Transactions for the period of **August 1, 2024**, to **August 30, 2024**
- Retirement Report – Superannuations, Survivor Benefits, and Transfers
- Disability Report – Approval of Disability Benefits, Disapproval of Disability Benefits, Approval of Appeal for Disability Benefits, Termination of Disability Benefits – Any Occupation, Approval of Appeal of Termination on Personal Appearance

James Haller moved and Jeffrey DeLeone seconded the motion to approve the Consent Agenda of the Retirement Board meeting held on Thursday, October 17, 2024. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, and Matthew King. Absent: Catherine Moss and Daniel Wilson. The motion carried.

Investment Report

Annual Portfolio Review – Private Equity

SERS Investment staff Steve Price and Phil Sisson provided an update on the Private Equity portfolio. Mr. Price reported the Private Equity portfolio has a market value of \$2.52 billion with 27 general partners, 66 funds, and 16 co-investments. SERS maintains a diverse private equity portfolio to provide returns that can be adjusted based on risk. The target for Global Private Equity allocation is currently 14% of the SERS total fund, with a permissible range of 11% to 17%.

Mr. Sisson stated the objectives for FY2025 are to manage the Private Equity portfolio and fiscal year commitments to reflect the investment allocation of 14%, subject to identifying opportunities that meet SERS' investment criteria. Another goal is to review the private equity portfolio strategy and structure and develop a plan to improve risk and return characteristics of the portfolio, achieve fee reductions and optimize manager count as appropriate. Also, investment staff will actively seek co-investment opportunities where appropriate with current SERS' private equity general partners who meet co-investment criteria, as outlined in the private equity co-investment guidelines. The final goal is to research and identify new and innovative investment opportunities with managers who offer compelling return expectations. These new opportunities may be used for a combination of purposes to replace current managers who no longer meet SERS' investment criteria or to target strategies that are not currently a directly invested component of the private equity portfolio.

With no questions, the board thanked Mr. Price and Mr. Sisson for their report.

SERS Retirement Board Meeting Minutes

October 17, 2024

Monthly Investment Report – Period Ending August 31, 2024

Chief Investment Officer, Farouki Majeed, provided an update on the investment fund status for the month ending August 31, 2024. Mr. Majeed stated US inflation was down 0.4% to 2.5% from July while the housing market continued its upward trend. Economists are not predicting the US will have a soft landing, avoiding a recession.

Mr. Majeed also reported that equity markets were up in September, as well as the US fixed income market. Mr. Majeed closed his report stating that the fund was at \$19.137B as of August 31, 2024.

After several questions, the board thanked Mr. Majeed for his report.

Executive Director's Report

Ohio Retirement Study Council

SERS Executive Director, Richard Stensrud, began his report stating the ORSC met on October 10, 2024. RVK provided a review of the quarterly investment performance of OPERS and provided HPRS valuations.

In November, the ORSC will receive its valuation and Cavanaugh Macdonald will present pension and health care fund evaluations. The pension fund is expected to improve to 79% funded status and the healthcare fund should receive solvency.

The next scheduled meeting is November 14, 2024 or at the call of the chair, however, it is unlikely that the ORSC will meet in November due to the upcoming election.

Stakeholder Engagement

SERS staff continue to collaborate with OASBO staff on communication efforts around pensionable compensation, the new CBBC rule, and other pertinent items. SERS wants to be sure that employers have a clear understanding of what is coming so they are prepared. SERS leadership is also working with OASBO to understand the school districts and their reporting requirements for vendors and other contracted workers to assist with CBBC implementation.

Employee Health/Charitable Initiatives

Mr. Stensrud continued his report, stating that SERS annual United Way campaign began this month and an update will be provided next month. The program provides resources to support the most vulnerable people and their families living in central Ohio. Staff are able to participate through online pledges and can participate in fun activities as well. The total amount collected will be shared at the next board meeting.

Review of Administrative Expenses

SERS Chief Financial Officer, Marni Hall, provided an update on SERS administrative expenses. Ms. Hall reported that the current FY2025 expenses are on schedule and there are no anomalies to note. With no questions, the board thanked Ms. Hall for her report.

Nominations for Vacant Employee Member Board Seat

Mr. Stensrud noted that at the Special Board Meeting on September 11, 2024, the SERS Board declared that there was a vacancy in an employee member seat on the Board and announced that SERS members interested in being elected by the Board to fill the vacancy should submit a statement of interest and qualifications as well as a Certification Form to the Board no later than October 9, 2024. Two SERS members, Jeanine Alexander and Aaron Winland, submitted the required materials within the prescribed time period.

SERS Retirement Board Meeting Minutes

October 17, 2024

Interviews of the nominated candidate or candidates will be held at the Board Meeting scheduled for November 21, 2024. Election by the Board will be conducted at the November 21, 2024 Board Meeting. The term for this board seat expires June 30, 2025.

As Chairperson of the SERS Board, Matthew King opened the floor to nominations for the vacant employee member seat. Board member, Frank Weglarz, nominated Jeanine Alexander. With no other nominations, Chairperson Matthew King declared one applicant as being nominated to fill the vacancy of the employee member seat. Board members shall interview the nominated candidate at the November 21, 2024, Board meeting.

Technology Committee Report

Technology Committee Update

SERS Technology Committee Chair, Matthew King, provided an update on the work being done in the Technology Committee. The committee was provided with an update on the progress of the Technology Roadmap, advising that IT projects are in motion and within the approved budget. The committee went into executive session to discuss information security. With no questions, the board thanked Mr. King for his update.

Retirement Report

There was no executive session for the retirement report.

Board Communication and Policy Issues

Board Information Request & Follow Up Items

There were no requests for additional information.

Calendar Dates for Future Board Meetings

The board reviewed the meeting dates for the remainder of 2024.

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

AUDIT COMMITTEE MEETING

December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETING

December 19, 2024 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETING

December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

November 21 – 22, 2024 – 8:30 a.m. (Thurs. and Fri.) **** Board Photo ****
December 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)

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

SERS Retirement Board Meeting Minutes October 17, 2024

The board took a break at 9:44 a.m.

The board reconvened at 10:03 a.m.

Executive Director's Report (cont.)

Executive Session

James Haller moved and Aimee Russell seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(5) to discuss a matter required to be kept confidential by law. Upon roll call, the vote was as follows: Yea: Jeffrey DeLeone, James Haller, James Rossler, Aimee Russell, Frank Weglarz, and Matthew King. Absent: Catherine Moss and Daniel Wilson. The motion carried.

The board convened in executive session at 10:04 a.m.

The board returned to open session at 10:29 a.m.

Adjournment

Board Chair, Matthew King, moved to adjourn to meet on Thursday, November 21, 2024, at 8:30 a.m. for the next SERS regularly scheduled Retirement Board meeting.

The SERS board meeting adjourned at 10:33 a.m.

Matthew King, Board Chair

Richard Stensrud, Secretary

SCHOOL EMPLOYEES RETIREMENT BOARD OF OHIO

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

The following is a summary of the investment transactions made during the period of September 1, 2024, through September 30, 2024. 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 | \$134.3 |
| Fixed Income | 389.0 |
| Private Equity Capital Calls | 61.9 |
| Real Estate Capital Calls | 14.8 |
| Infrastructure Capital Calls | 18.3 |
| Opportunistic & Tactical | 19.7 |
| Global Private Credit | 21.5 |
| Cash Equivalents | 573.6 |

B. SALES

| Asset Class | Approximate Net Proceeds (in millions) | Approximate Gain/(Loss) (in millions) |
|------------------------------|--|---------------------------------------|
| Global Equities | \$189.4 | 38.1 |
| Fixed Income | 381.8 | (19.7) |
| Private Equity Distributions | 43.3 | n/a |
| Real Estate Distributions | 21.7 | n/a |
| Infrastructure Distributions | 0.5 | n/a |
| Opportunistic & Tactical | n/a | n/a |
| Global Private Credit | n/a | n/a |
| Cash Equivalents | 561.5 | 0.1 |

Memo

To: SERS Board

From: Richard Stensrud, Executive Director

cc: Karen Roggenkamp, Deputy Executive Director
Marni Hall, Chief Financial Officer

Date: November 13, 2024

Re: Presentation of Pension and Health Care Actuarial Valuations
as of June 30, 2024

The basic financial objective of SERS is to establish and receive contributions which, when expressed in terms of percentages of active member payroll, remain approximately level from generation to generation, and which, when combined with present assets and future investment returns, will be sufficient to meet the present and future financial obligations of SERS. An actuarial valuation is performed annually to measure progress toward this objective and to establish the allocation of the employer contribution to the Pension, Death Benefit and Medicare B Funds. To that end, the pension fund actuarial valuation (Pension Fund Valuation) as of June 30, 2024 prepared by SERS' actuary CavMac Actuarial Consulting Services (CavMac) is attached for your review and consideration.

As you will see, the June 30, 2024 valuation reports that the funded ratio of the Basic Benefits increased to 78.99% from the 76.61% funded ratio reported in 2023 and the amortization period of the unfunded actuarial accrued liability decreased to 20 years. The current year investment earnings were above the assumed rate of return of 7.0%, and the actuarial value of assets continues to exceed the market value of assets due to the investment smoothing methodology described below.

Pension Fund Valuation Report

The following discussion addresses some key information in the Pension Fund Valuation.

Actuarial Funded Ratio vs. Market Value Funded Ratio

The most commonly referenced funded ratio in the Pension Valuation is based on the actuarial value of assets. The actuarial value of assets utilizes the value of the assets as determined under a four-year asset smoothing process whereby each year the investment experience over or under the investment return assumption is divided into four equal parts,

with one fourth of that experience recognized in the current year and the remaining three fourths recognized in the three subsequent years. This rolling recognition of deferred gains and losses means that the actuarial value of assets may be higher or lower than the market value of assets, which is the current non-smoothed value of the assets.

With the investment performance in FY23-24 higher than the investment return assumption, coupled with the continued phase-in of the strong investment performance in FY20-21, the actuarial value of assets is greater than the market value of assets by \$110.8 million as of June 30, 2024. As a result, the funded ratio based on the actuarial value of assets is 78.99%, which is higher than the 78.52% funded ratio based on the market value of assets. Put another way, if all the deferred gains and losses currently in the smoothing process were recognized immediately, the pension fund would be 78.52% funded. See pages 3-5 and 13 of the Pension Fund Valuation.

As noted above, under the asset smoothing process the remaining portion of each year's gain or loss is deferred and recognized over the rest of the smoothing period. FY 23-24 is the last year benefiting from the smoothing of the strong investment performance in FY 20-21, which resulted in the annual recognition of \$743,716,320 in deferred gains. These substantial deferred gains, when combined with the recognition of one fourth of the gains from FY 23-24 (\$110,853,460) were sufficient to offset the recognition of deferred losses from FY 21-22 (\$411,136,059) and FY 22-23 (\$16,095,304) yielding a net gain for FY 23-24 of \$427,335,417. However, with the deferred gains from FY 20-21 dropping off, the continued recognition of the deferred losses from FY 21-22 and FY 23-24 will result in downward pressure on the funded status in FY 24-25. Downward pressure will continue if the investment performance falls short of the 7% actuarial investment return assumption in the next few years. See page 27 of the Pension Fund Valuation.

Unfunded Actuarial Accrued Liability

The unfunded actuarial accrued liability (UAAL) is the difference between the actuarial value of assets and the actuarial accrued liability. Changes in the UAAL occur for various reasons, including changes in actuarial assumptions, investment experience or liability experience that is above or below actuarial assumptions, and changes in the methodology used to perform the actuarial valuation. Over the past twenty years, periods of investment experience below the investment return assumption along with changes in the investment return assumption itself have applied upward pressure on the UAAL. Over the same period, investment experience above the investment return assumption and positive experience relative to demographic actuarial assumptions have pushed downward on the UAAL. In addition, the UAAL has been positively impacted by various pension sustainability measures implemented by the SERS Board, such as changes in retirement eligibility and the retiree COLA. See pages 6 and 7 of the Pension Fund Valuation.

In FY 23-24, SERS experienced a decrease of \$393.8 million in the UAAL largely due to these latter factors – i.e., net positive investment performance, positive demographic experience, and the impact of sustainability measures, particularly the change in the retiree COLA. These factors have also led to steady improvement in the funded status of

the pension fund since 2012 (e.g., the funded ratio has improved from 71.49% in FY 19-20 to the current 78.99% in FY 23-24). See pages 4-7, 15 and 17 of the Pension Fund Valuation.

Actuarial Gains and Losses

The Pension Fund Valuation provides an analysis of the gains and losses in the accrued liabilities and assets resulting from a difference between the actuarial assumptions used to project assets and liabilities and the actual experience for the year. That analysis shows that actuarial gains related to higher investment income than assumed, retirees not living as long as expected, and other miscellaneous gains, were greater than actuarial losses attributable to age and service retirement levels, disability retirement levels, pre-retirement death benefit payments, withdrawal from employment levels, pay increases, new members entering the plan, and granting a 2.5% COLA. See page 17 of the Pension Fund Valuation.

Page 52 of the Pension Fund Valuation provides a breakdown of the annual actuarial gains and losses since 2015. That data illustrates that age and service retirement levels, disability retirement levels, pre-retirement death benefit payments, withdrawal from employment levels, new members entering the plan, and retiree mortality have consistently been a source of actuarial losses. Investment experience above the investment return assumption has been a steady source of actuarial gains. Lower than assumed pay increases have also been a regular source of actuarial gains but higher than assumed pay increases have produced actuarial losses for the last three years.

Contribution Rates

One of the key purposes of the Pension Fund Valuation is to determine if the employer and member contribution rates remain sufficient to fund the pension plan. The member contribution rate is 10% and the employer contribution rate is 14%. CavMac has determined that the normal cost of the pension benefits requires a contribution rate of 10.75%. The normal cost is first addressed by the 10% member contribution and the remainder (0.75%) is provided by the employer contribution. CavMac has further determined that the contribution rate required to pay off the UAAL is 8.81%. The 13.25% remaining employer contribution is not only sufficient to address the required UAAL payment but also provides an additional 4.44% toward paying off the UAAL. For these reasons CavMac has concluded that the current contribution rates are reasonable and sufficient to fully fund the pension plan and to amortize the UAAL over the current 20 year amortization period. See pages 8, 14 and 18 of the Pension Fund Valuation.

ASOP 4 Requirements:

The Actuarial Standards Board adopted revisions to ASOP No. 4, *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*, effective for valuation reports issued after February 15, 2023. The two principal disclosures required by ASOP 4 addressed in the Pension Fund Valuation are:

- Actuarial Determined Employer Contribution (ADC) – Requires an annual determination by the actuary of whether the ADC is reasonable. CavMac has

determined that the ADC for the pension fund is 9.56%, which is below the current employer contribution rate of 14%. CavMac therefore attests that the ADC is reasonable under ASOP 4. See pages 8 and 18 of the Pension Fund Valuation.

- Low-Default-Risk Obligation Measure (LDROM) – The LDROM is a required informational disclosure but is not appropriate for assessing the funding progress or health of the pension fund. It approximates the termination liability if the plan ended on June 30, 2024 and all of the accrued benefits had to be paid with cash flow-matched bonds. This measure is more relevant for corporate plans than for SERS since it is highly unlikely that SERS' plan will be completely terminated. Comparing the actuarial accrued liabilities (AAL) using LDROM versus the assumed rate of return of 7%, highlights the savings SERS expects by investing in a well-diversified investment portfolio. See page 24 of the Pension Fund Valuation. Information regarding how LDROM should be understood is also available on the SERS website.

Cash Flow

Like virtually all mature retirement systems, SERS experiences negative cash flow due to benefit payment levels exceeding member and employer contributions. This negative cash flow must be addressed by income from the investment program which can result in fewer assets to invest to produce future income. CavMac advises that negative cash flow raises such a concern if it is more than 4% of the market value of assets for a protracted period.

The Pension Fund Valuation reports that for FY 23-24 SERS' negative cash flow was 2.86% of the market value of assets. Since FY 10-11, the average negative cash flow was 3.16% of the market value of assets. Accordingly, CavMac does not believe the negative cash flow level is of concern. See page 22 of the Pension Fund Valuation.

Active Member to Retiree Ratio

A positive active member to retiree ratio is helpful for maintaining reasonable cash flow. The Pension Fund Valuation reports that for FY 23-24 SERS had 1.98 active members for every retirement benefit recipient. Since FY 10-11, the active member to retiree ratio has averaged 1.84, but has been higher over the second half of the period. See page 24 of the Pension Fund Valuation.

Active Members

The Pension Fund Valuation reports that there are 163,350 active members as of June 30, 2024, which was approximately 3,500 higher compared to June 30, 2023. Of that number, 26% (42,453) are vested and 74% (120,897) are not vested. See pages 9 and 11 of the Pension Fund Valuation.

74.0% of current active members have less than 10 years of service. 57.4% have less than 5 years of service. The percentage of active members declines as service increases and drops to 5.8% when you get to 25 or more years of service. This shows that while

many people are in SERS for a few years, the active members who stay and ultimately draw a benefit are longer career employees. See page 47 of the Pension Fund Valuation.

27.7% of current active members make less than \$10,000 annually. 46.4% of current active members make less than \$20,000 annually. 78.4% make less than \$40,000 annually. 21.6% make more than \$40,000 annually. See page 50 of the Pension Fund Valuation.

68% of active members are female and 32% are male.

Retirees and Beneficiaries

After declining during FY19-20 and FY20-21, the total number of retirement benefit recipients increased to 81,833 in FY23 and to 82,490 in FY24. Retirement allowances increased by 3.22% in FY 22-24, from \$1.341 million to \$1.384 million. See page 40 of the Pension Fund Valuation.

Of the 82,490 retirement benefit recipients, 88% are service retirees and beneficiaries, 7% are disability benefit recipients, and 5% are receiving a survivor benefit. See page 12 of the Pension Fund Valuation.

47.5% of current service retirees receive an annual benefit of \$12,000 or less. 65.5% of current service retirees receive an annual benefit of \$18,000 or less. 77% receive an annual benefit of \$24,000 or less. See page 42 of the Pension Fund Valuation.

92.1% of current service retirees are age 65 or older. 29.3% of current service retirees are age 80 or older. 15.2% of current service retirees are age 85 or older. 4,272 (5.9%) of current service retirees are age 90 or older. Six current benefit recipients are 105 or older. See pages 43 and 45 of the Pension Fund Valuation.

74.0% of current benefit recipients are female, 26.0% are male. See page 45 of the Pension Fund Valuation.

74.9% of new service retirees in 2024 had 20 years or more of service. 55.0% of new service retirees in 2024 had 25 or more years of service. 29.6% had 30 or more years of service. Again, this reflects that a high percentage of SERS' retirees are career employees. See page 55 of the Pension Fund Valuation.

59.9% of new service retirees in 2024 were age 65 or older at retirement. See page 55 of the Pension Fund Valuation.

Health Care Fund Valuation Report

Although health care is not funded on an actuarial basis, an annual valuation of the Health Care Fund ('Health Care Fund Valuation') is performed to fulfill the requirements of GASB Statement 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans and Statement 75 - Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

The Health Care Fund Valuation Information of Note:

- The balance of the Health Care Fund as of June 30, 2024 is \$816,468,867, up from \$706,785,561 as of June 30, 2023. This represents a new high in the balance in the Health Care Fund. See page 9, 14 and 20 of the Health Care Valuation.
- The funded ratio of the Health Care Fund as of June 30, 2024 is 61.59%, up from 46.14% as of June 30, 2023. The increase is attributed to investment earnings along with lower Medicare costs due to increased federal subsidies. As a point of reference, the funded ratio in 2012 and 2013 was approximately 13%. See page 9 and 20 of the Health Care Valuation.
- The solvency period of the Health Care Fund as of June 30, 2024 is 45 years, up from 39 years as of June 30, 2023. The FY 24 solvency increase was attributed to lower-than-expected claims. This is the longest solvency period for the Health Care Fund to date. As a point of reference, during the 2017 to 2019 period, the solvency period was approximately 15-17 years, which itself was a marked improvement from previous periods. See page 23 of the Health Care Valuation.

Todd Green and Alisa Bennett from CavMac will present the results of the FY 23-24 Pension and Health Care Actuarial Valuations to your Board on Thursday.

Please note there are two resolutions for your vote related to the valuation reports: (1) The actuary's recommended allocation of employer contributions to the Pension, Death Benefit, Medicare B and Health Care Funds for fiscal year 2025; and (2) The actuary's recommendation establishing the minimum compensation amount for purposes of the fiscal year 2026 Health Care employer surcharge.

I am happy to answer any questions.

ELEVATE

Your Financial Vision



School Employees Retirement System of Ohio

2024 Actuarial Valuation Results

Todd Green, ASA, EA, FCA, MAAA
Alisa Bennett, FSA, EA, FCA, MAAA



Why does my Plan need an Actuary?

Develop

- Develop a strategy to systematically fund the promised benefits of the system

Measure

- Measure assets and liabilities (future benefit payments)

Determine

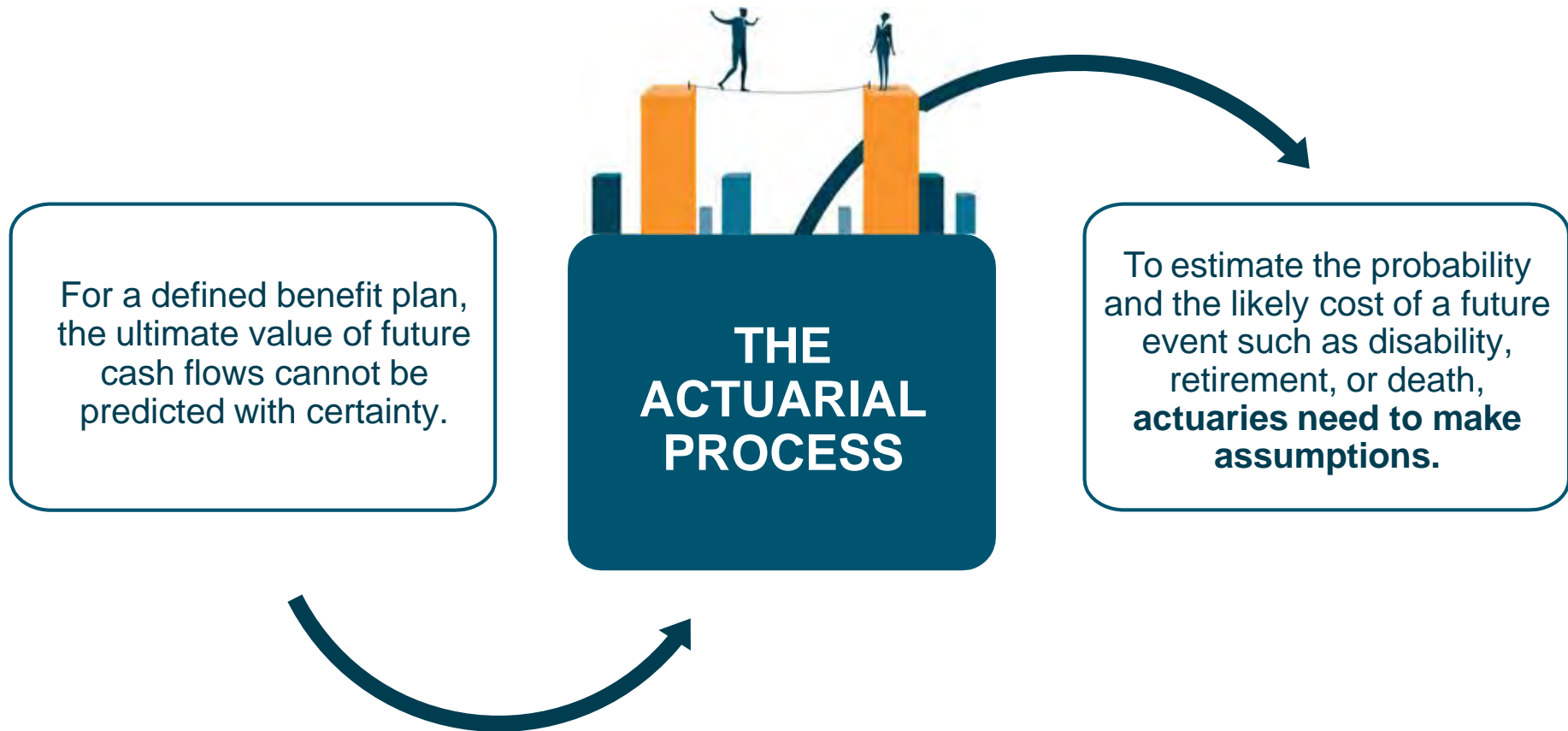
- Determine actuarial contribution rates

Analyze

- Analyze experience (actual vs. expected)

Report

- Report on trends, risks, accounting, etc.



Actuarial Assumptions

TURNOVER

Will an employee work long enough to vest and qualify for monthly benefits?

1

RETIREMENT

When will the employee retire and start collecting benefits?

2

MORTALITY

How long will monthly benefits be paid?

3



SALARY INCREASES

How will salaries grow in future years for each employee?

4

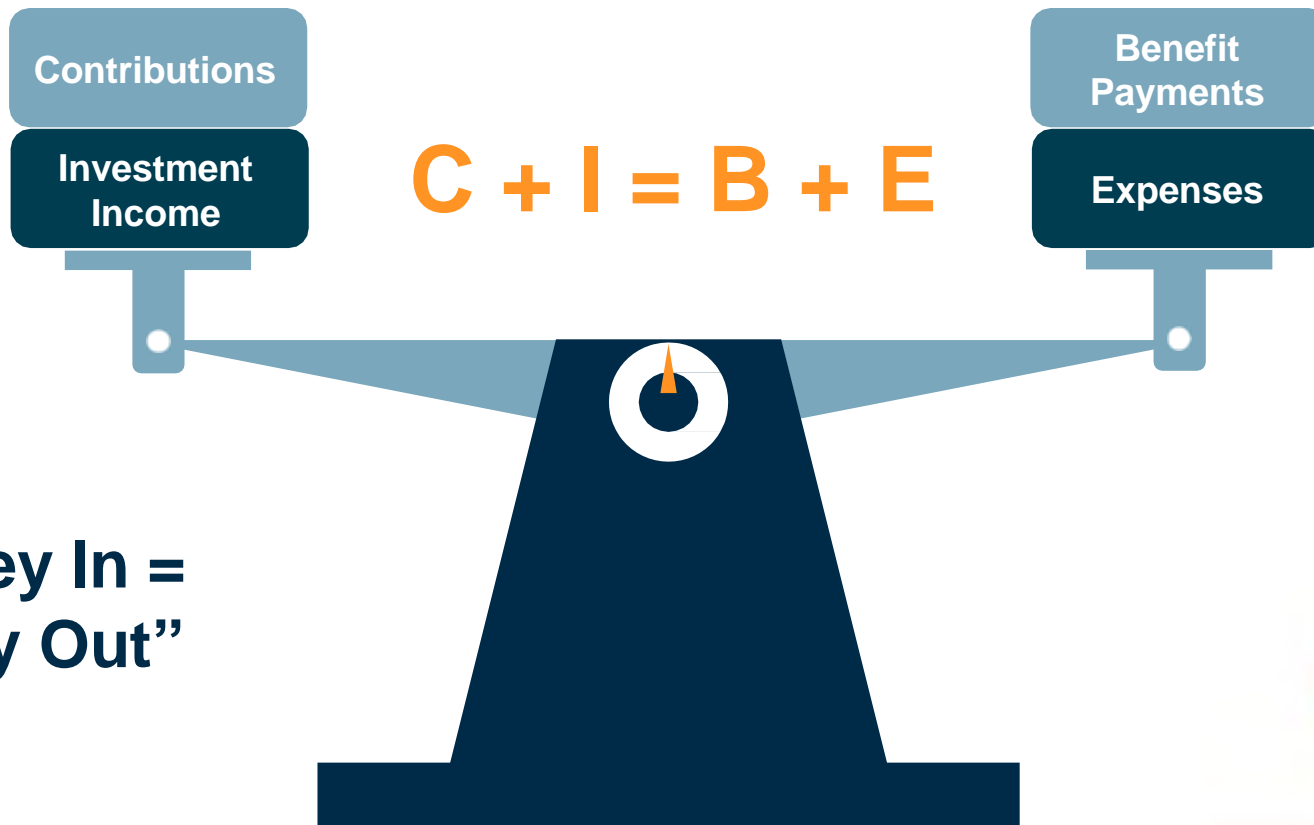
DISCOUNT RATE

What is the present value of all those future benefits in terms of today's dollars?

5

If we put money aside today, what rate of return can we expect to earn on it?

Basic Retirement Funding Formula



June 30, 2024 Valuation Results



FUNDED RATIO

- Funded Status for Basic Benefits increased from 76.61% to 78.99%.

ADEC

- Actuarially determined contribution rate decreased from 10.57% to 9.56% for Basic Benefits.

COLA

- 2.50% COLA has been adopted for calendar year 2025.

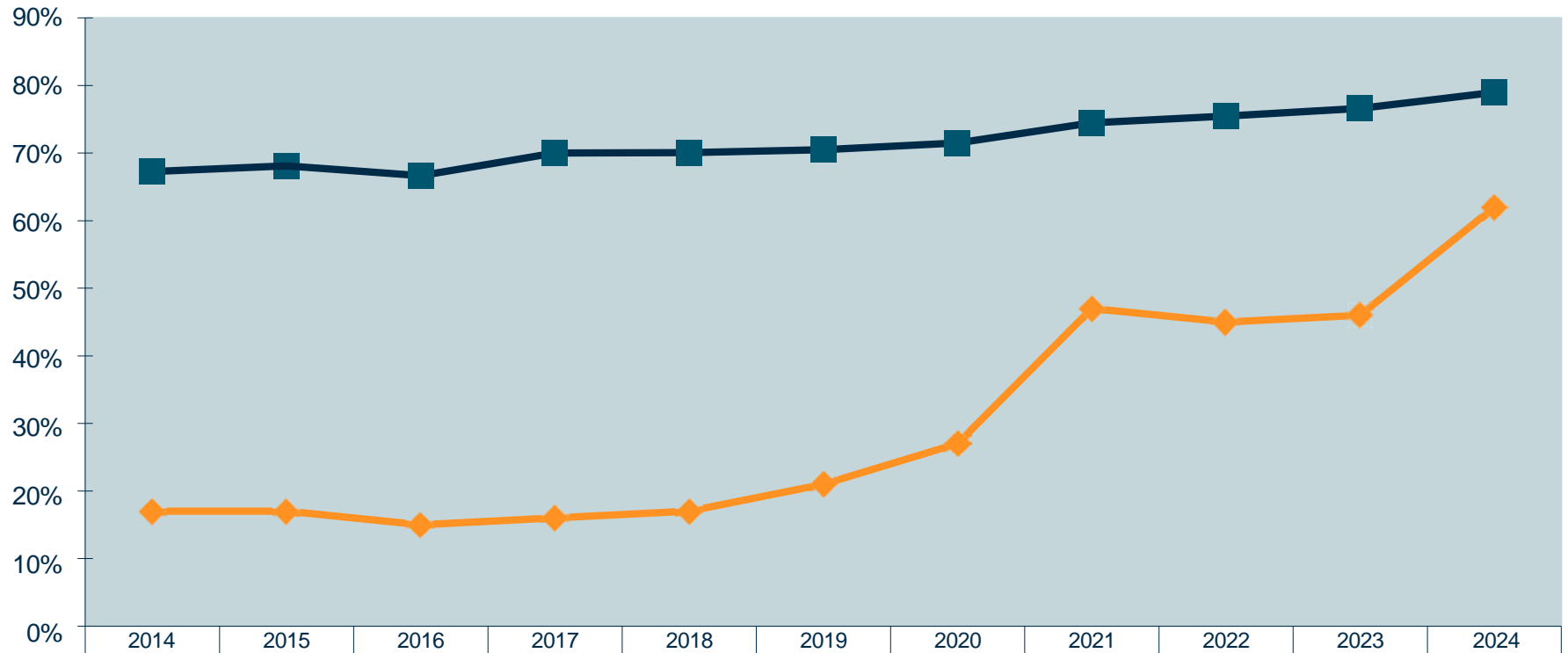
FUNDING POLICY

- Board-adopted funding policy requires at least a 13.50% employer contribution rate for funding of Basic Benefits since funded ratio is greater than 70% but less than 80%.
- Board continues to allocate entire 14% employer contribution to Basic Benefits.
- Health Care Fund will receive the 1.50% employer surcharge with no additional contribution from employer.

Funded Status

| | JULY 1, 2023 RESULTS | JULY 1, 2024 RESULTS |
|---|-------------------------|-------------------------|
| PENSION BENEFITS | 76.7% | 79.0% |
| MEDICARE PART B | 69.9% | 78.4% |
| POST-RETIREMENT DEATH BENEFITS | 74.4% | 80.0% |
| HEALTH CARE | 46.1% | 61.6% |

Funded Ratio

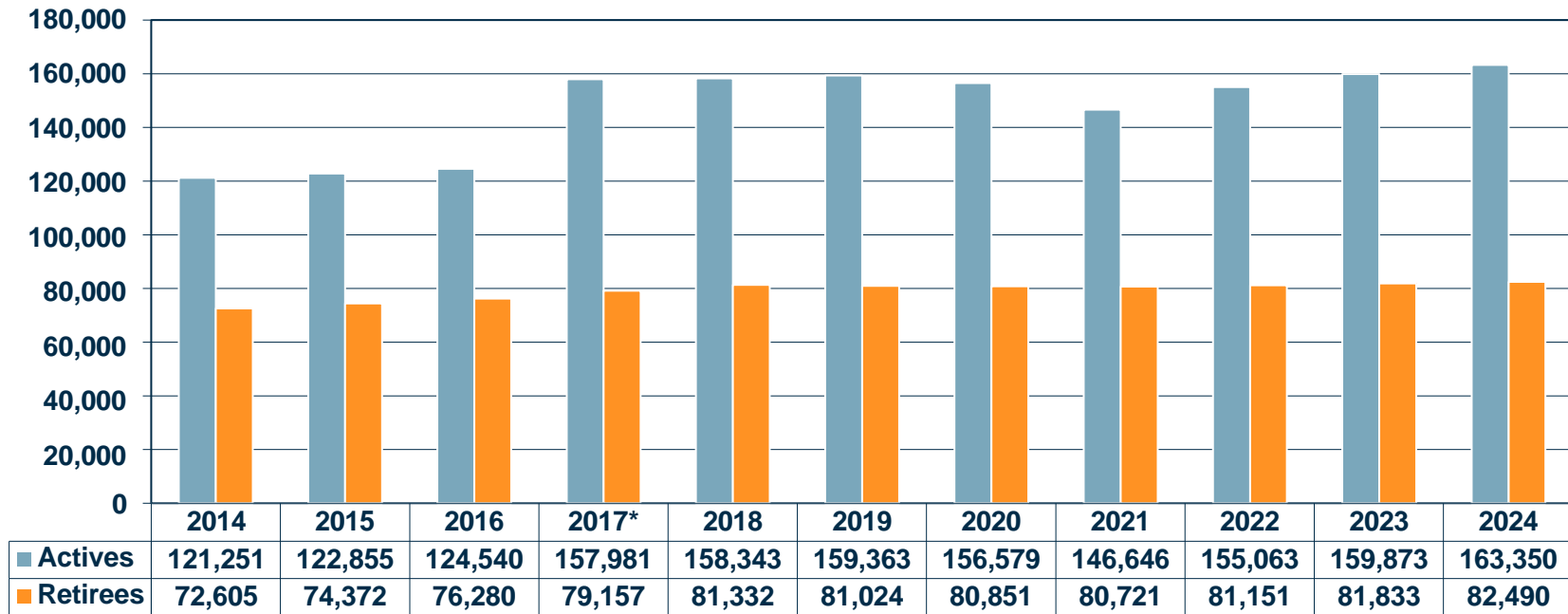


| | | | | | | | | | | | |
|-----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Basic Benefits | 67% | 68% | 67% | 70% | 70% | 71% | 71% | 74% | 75% | 77% | 79% |
| Healthcare Fund | 17% | 17% | 15% | 16% | 17% | 21% | 27% | 47% | 45% | 46% | 62% |

Pension Valuation Results

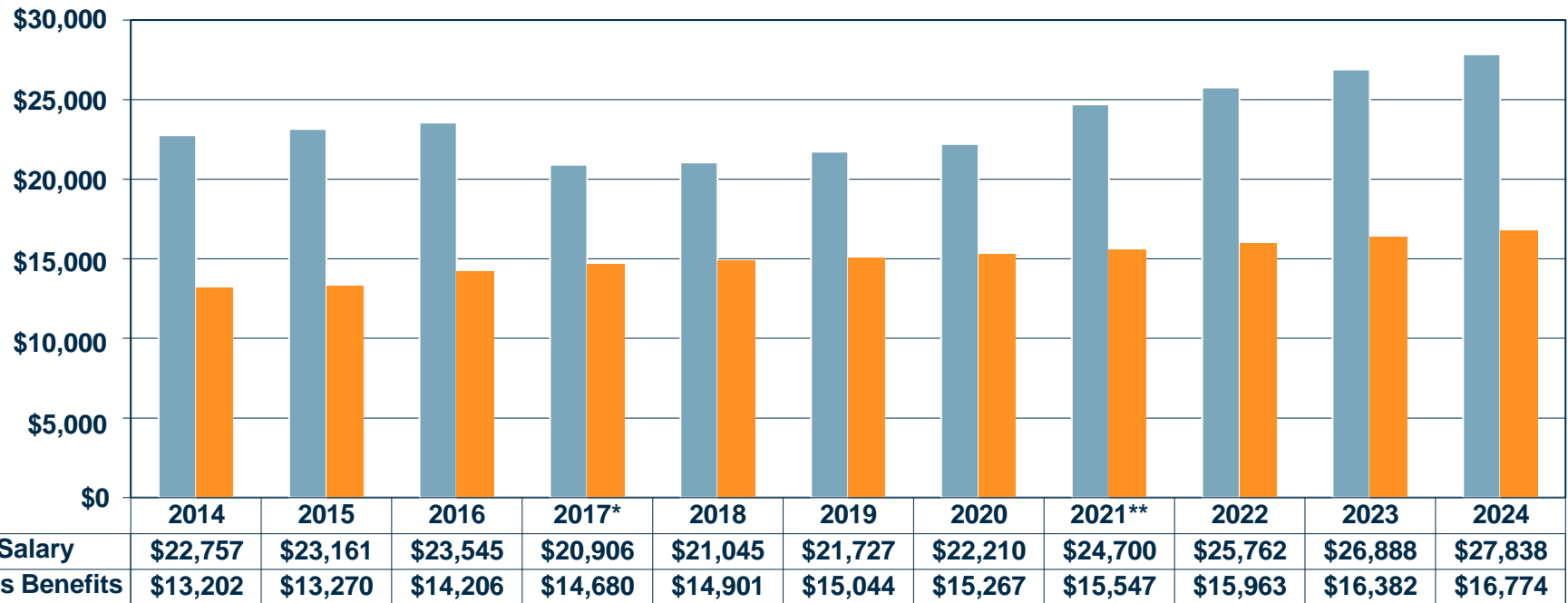


Active and Retired Membership



* 2017 active membership reflects an increase of 32,641 members with 0.25 or less years of service who have been re-categorized from inactive to active status.

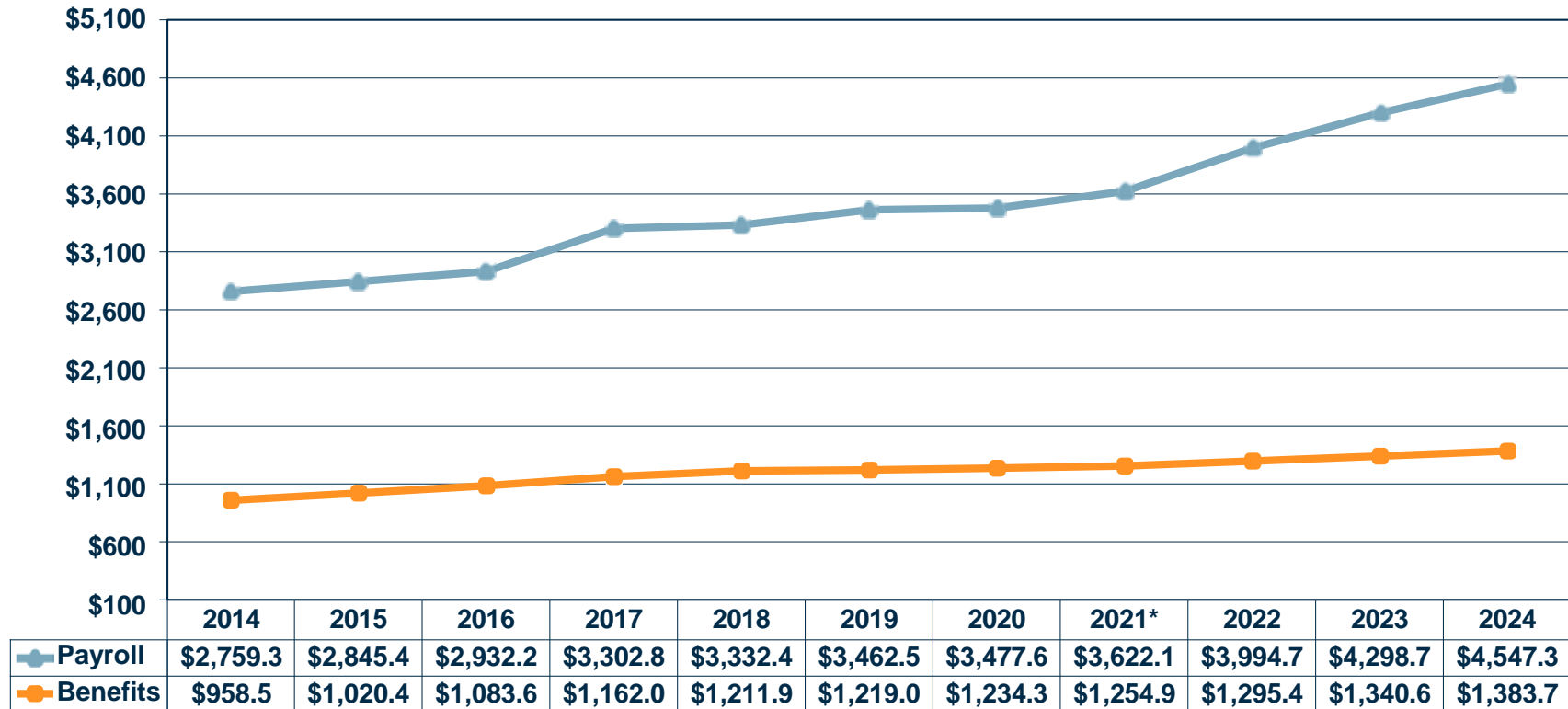
Average Salary and Benefits



* Average annual salary in 2017 reflects the re-categorization of 32,641 members. The average annual salary for this group was \$7,518.

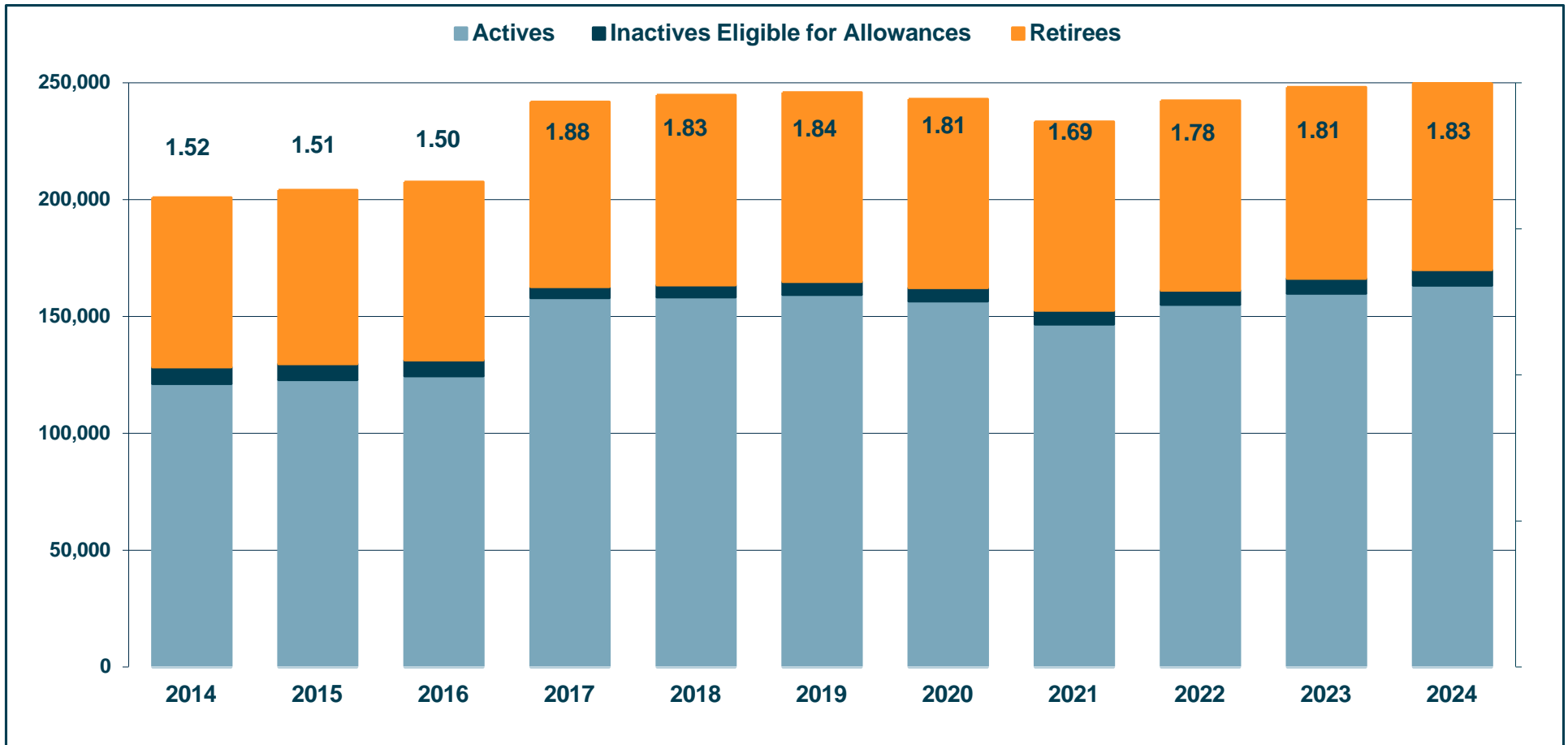
** Average annual salary in 2021 reflects average salaries for valuation purposes

Payroll & Benefits (Millions)



* 2021 Payroll is projected with expected salary increases to align with the valuation year

Active to Inactive Ratio

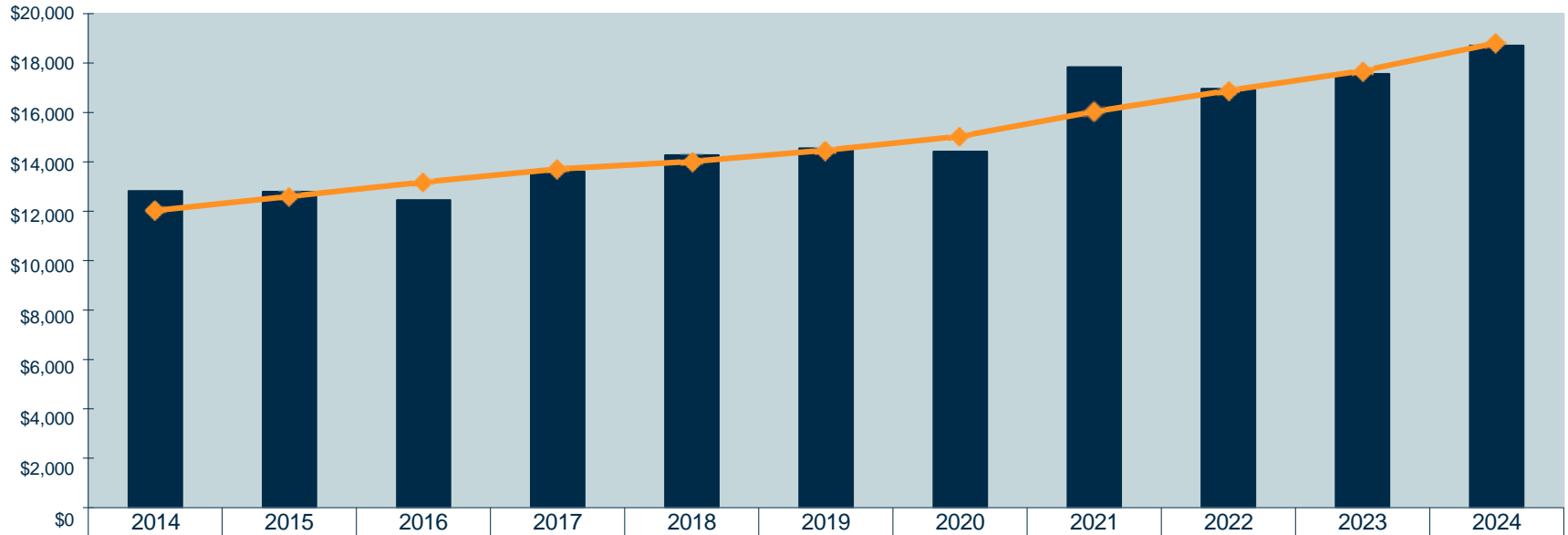


Average Age and Service



| | JUNE 30, 2023 | JUNE 30, 2024 |
|--|---------------|---------------|
| Active Average Age | 46.9 | 46.8 |
| Active Average Service | 7.3 | 7.0 |
| Average Age Retirees and Beneficiaries | 75.4 | 75.6 |
| Average Age Disabilities | 68.4 | 68.9 |
| Average Age Survivors | 72.7 | 73.0 |

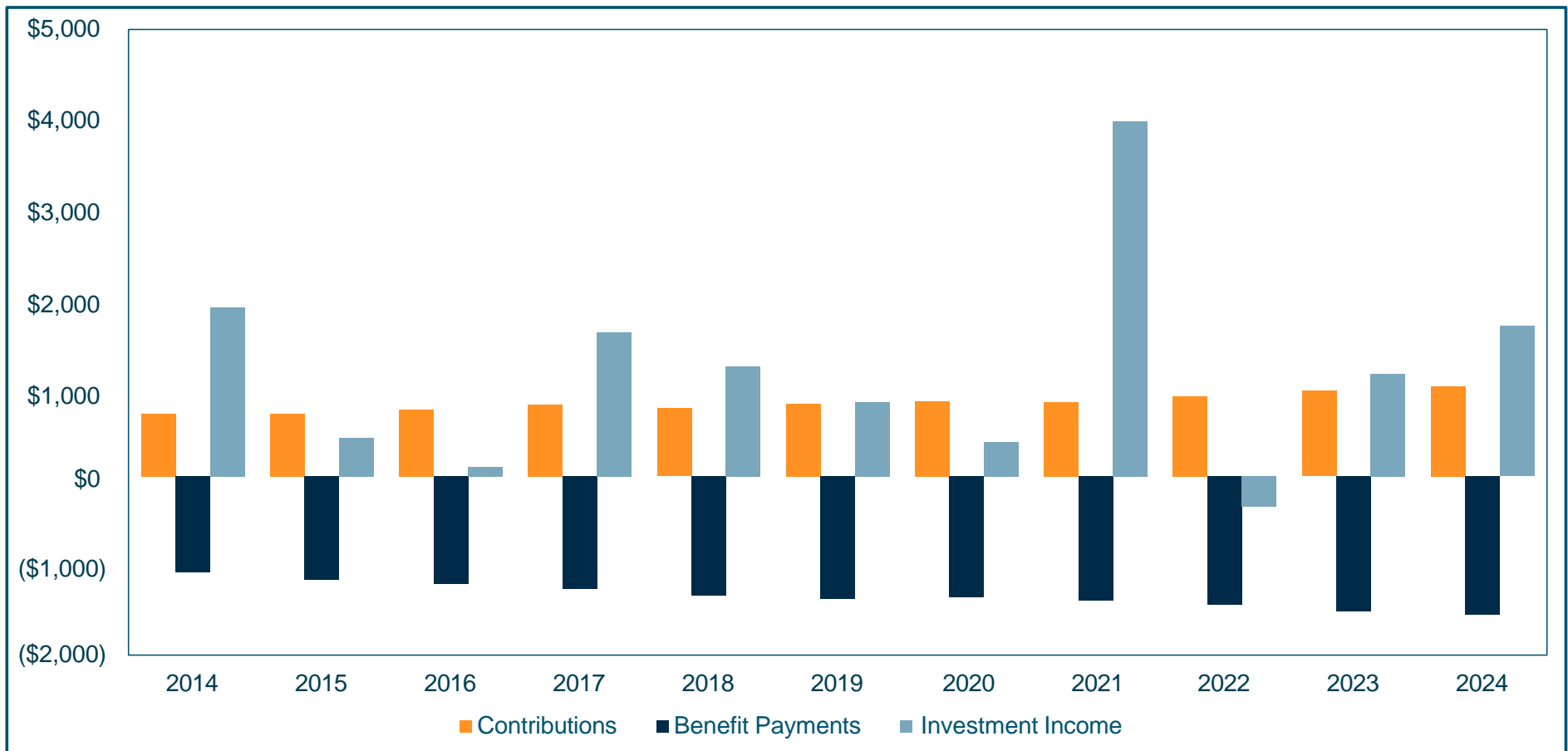
Assets (\$ Millions)



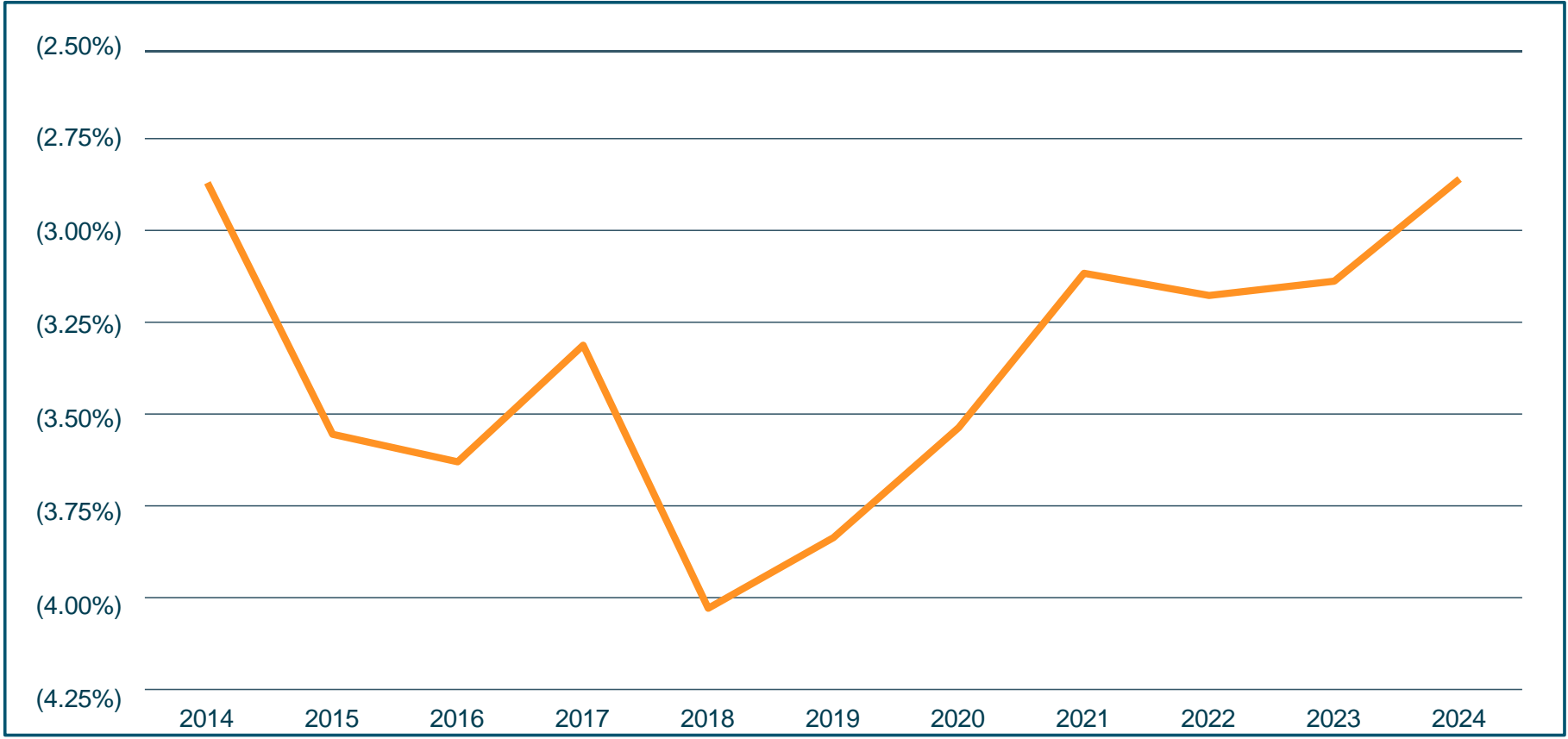
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Market Value | \$12,821 | \$12,797 | \$12,452 | \$13,614 | \$14,271 | \$14,544 | \$14,420 | \$17,840 | \$16,963 | \$17,559 | \$18,705 |
| Actuarial Value | \$12,030 | \$12,602 | \$13,180 | \$13,713 | \$14,012 | \$14,473 | \$15,037 | \$16,032 | \$16,887 | \$17,686 | \$18,815 |

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------|-------|------|------|-------|------|------|------|-------|---------|-------|-------|
| Market Return | 16.7% | 3.2% | 0.6% | 12.9% | 9.0% | 5.7% | 2.7% | 28.0% | (2.04)% | 6.63% | 9.46% |
| Actuarial Return | 11.5% | 8.3% | 7.9% | 7.5% | 6.3% | 7.1% | 7.6% | 10.4% | 8.31% | 7.83% | 9.30% |

Cash Flow (\$'s in Millions)



Net Cash Flow as a % of Market Value of Assets

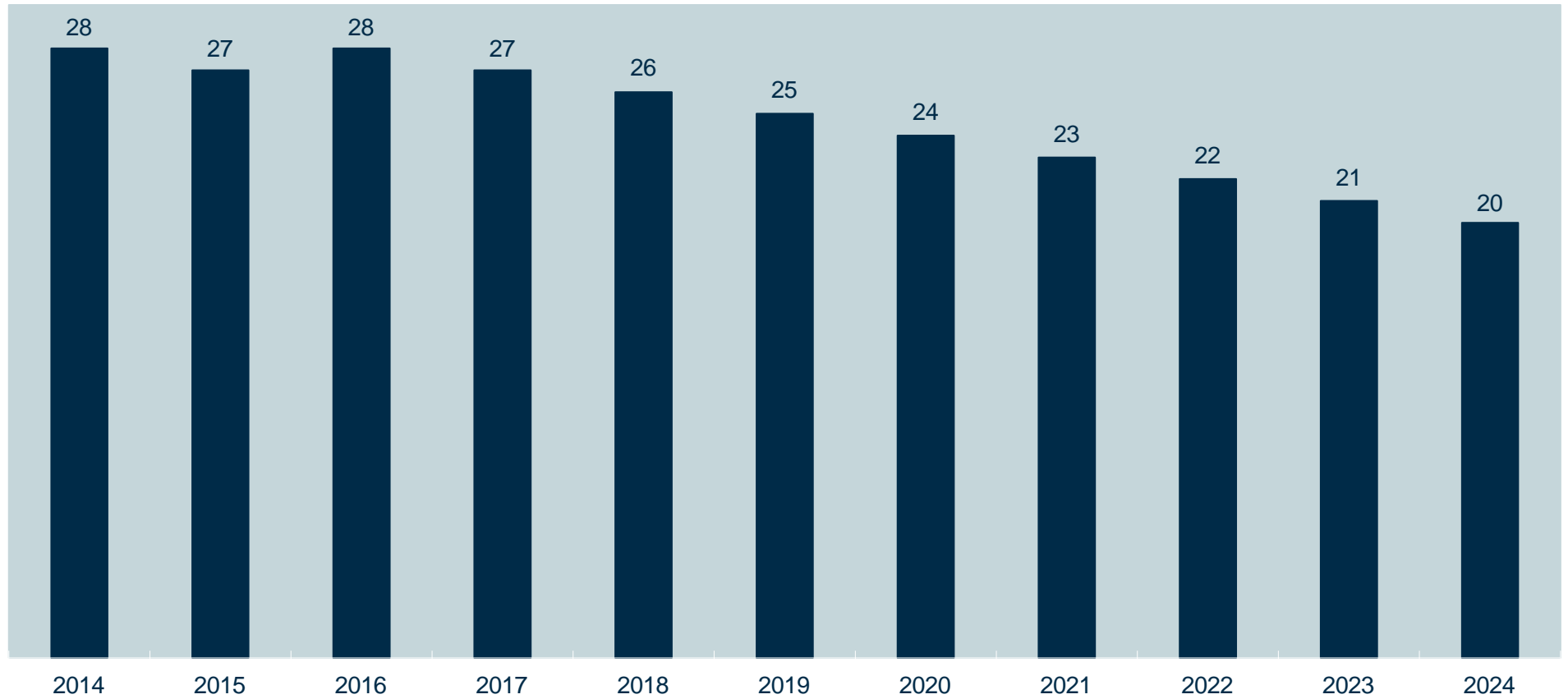


Pension Funding Results



| June 30, 2024 | | | | |
|--|---------------|----------------|-----------------|---------------|
| | Pension | Death Benefits | Medicare Part B | Total |
| Total Normal Cost Rate | 10.48% | 0.02% | 0.25% | 10.75% |
| Less Member Rate | <u>10.00%</u> | | | <u>10.00%</u> |
| Employer Normal Cost Rate | 0.48% | 0.02% | 0.25% | 0.75% |
| Rate to Amortize UAL | 8.65% | 0.01% | 0.15% | 8.81% |
| Actuarially Determined Contribution Rate | 9.13% | 0.03% | 0.40% | 9.56% |
| Funded Policy Contribution Rate | | | | 14.00% |
| Amortization Period | 20 | 20 | 20 | 20 |
| June 30, 2023 | | | | |
| Actuarially Determined Contribution Rate | 10.06% | 0.04% | 0.47% | 10.57% |
| Unfunded Accrued Liability (\$ millions) | \$5,272 | \$11 | \$116 | \$5,399 |
| Amortization Period | 21 | 21 | 21 | 21 |

Amortization Period



2024 Pension Gain/Loss

Pension System Experience

Demographics



Demographic Gains are (0.06%) of AAL

Salaries



Salary Losses are 0.44% of the AAL

New Entrants



New Entrant Liability is 0.27% of AAL

2025 COLA



2.50% COLA for 2025 Calendar Year is 0.16% of the AAL

Investments



\$414.1 million gain

Accrued Liability as of June 30, 2024 is \$23.8 billion

Health Care Fund Results



Comments on OPEB Valuation



FUNDED RATIO

- Market value of assets used for valuation purposes. Investment return was 8.02% versus assumed rate of 7.00%.
- Funded ratio was 46.14% as of June 30, 2023, and funded ratio is 61.59% as of June 30, 2024. Increase largely due to reduction in Medicare prescription drug plan costs and asset experience.

ADEC

- For funding valuation purposes, UAL amortization period remains 30 years.
- Actuarially Determined Employer Contribution (ADEC) was 2.65% as of June 30, 2023, ADEC is 2.00% as of June 30, 2024.

FUNDING POLICY

- Funding policy requires at least 13.50% of 14.00% employer contribution rate to be allocated to Pension.
- Based on Board Resolution on September 19, 2024, the Health Care Fund will not receive any employer contribution other than 1.50% surcharge.

ASSUMPTION CHANGES

- Increased health care trend assumption for the next few years starting at 7% while continuing to step down to an ultimate health care trend assumption of 4.40% which is 2% higher than our price inflation assumption.
- The increase in trend is due to continuing high expectations for prescription drug costs and utilization, particularly for specialty drugs.

Inflation Reduction Act

DRUG NEGOTIATIONS



Allows the Secretary of Health and Human Services to negotiate prices of certain Medicare drugs each year. Negotiations will take effect in 2026 for 10 drugs covered by Medicare, increasing to 20 drugs in 2029.

INSULIN COST CAPPED



Beginning 2023, insulin cost capped at \$35/month for people enrolled in Medicare. Anticipated changes to insulin cost for active and pre-Medicare retiree commercial market.

ADDITIONAL CHANGES



Beginning in 2025, out-of-pocket prescription drug costs will be capped at \$2,000 per year for Medicare beneficiaries.

Inflation Reduction Act

DIRECT SUBSIDIES

Health plans will receive increased Direct Subsidy payments from CMS.



PREMIUM STABILIZATION

Increased payments include a premium stabilization contribution of \$15 per member per month for stand-alone Part D prescription drug plan.



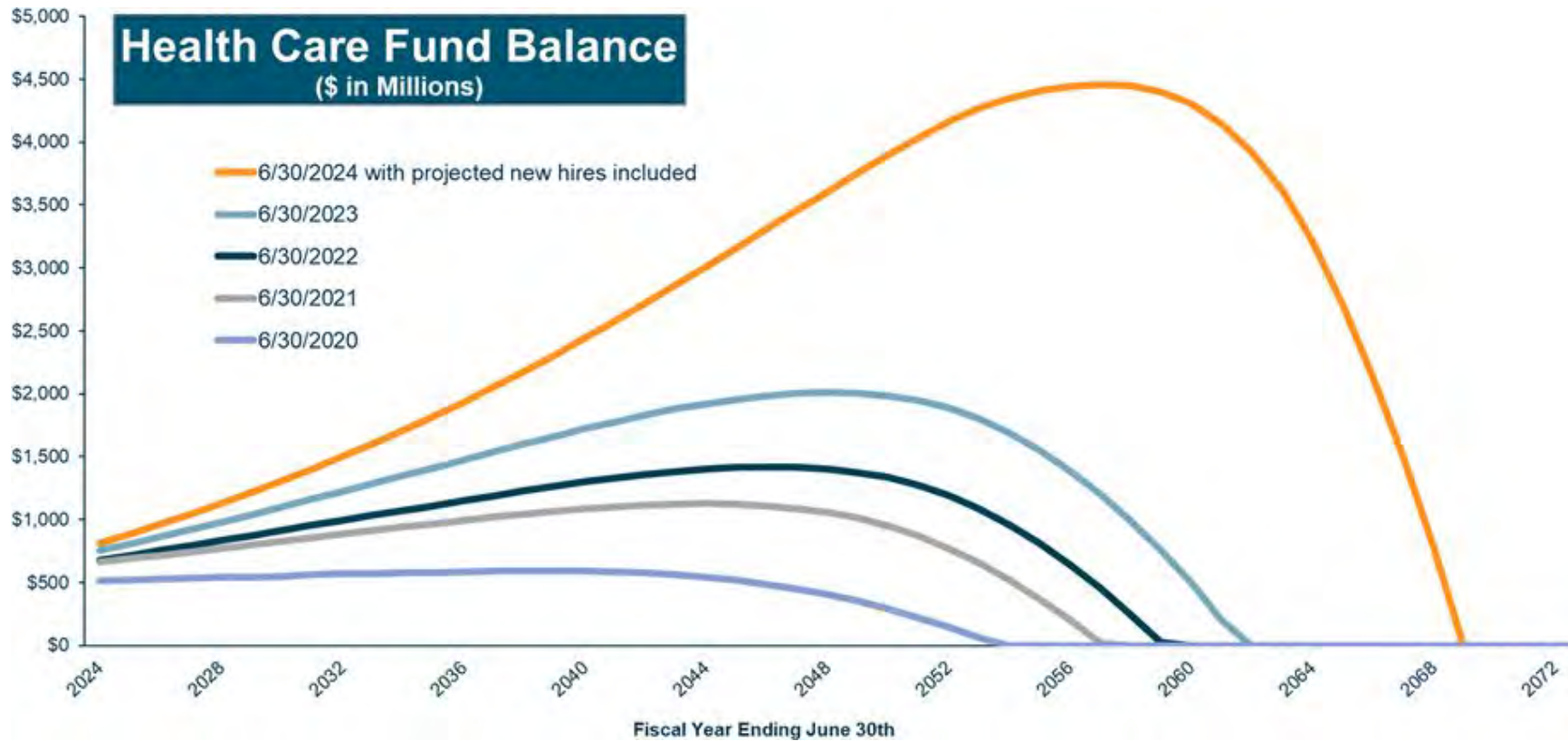
LIMITATIONS

\$15 PMPM contribution is temporary, so we include sensitivities as if this payment ceases to exist.



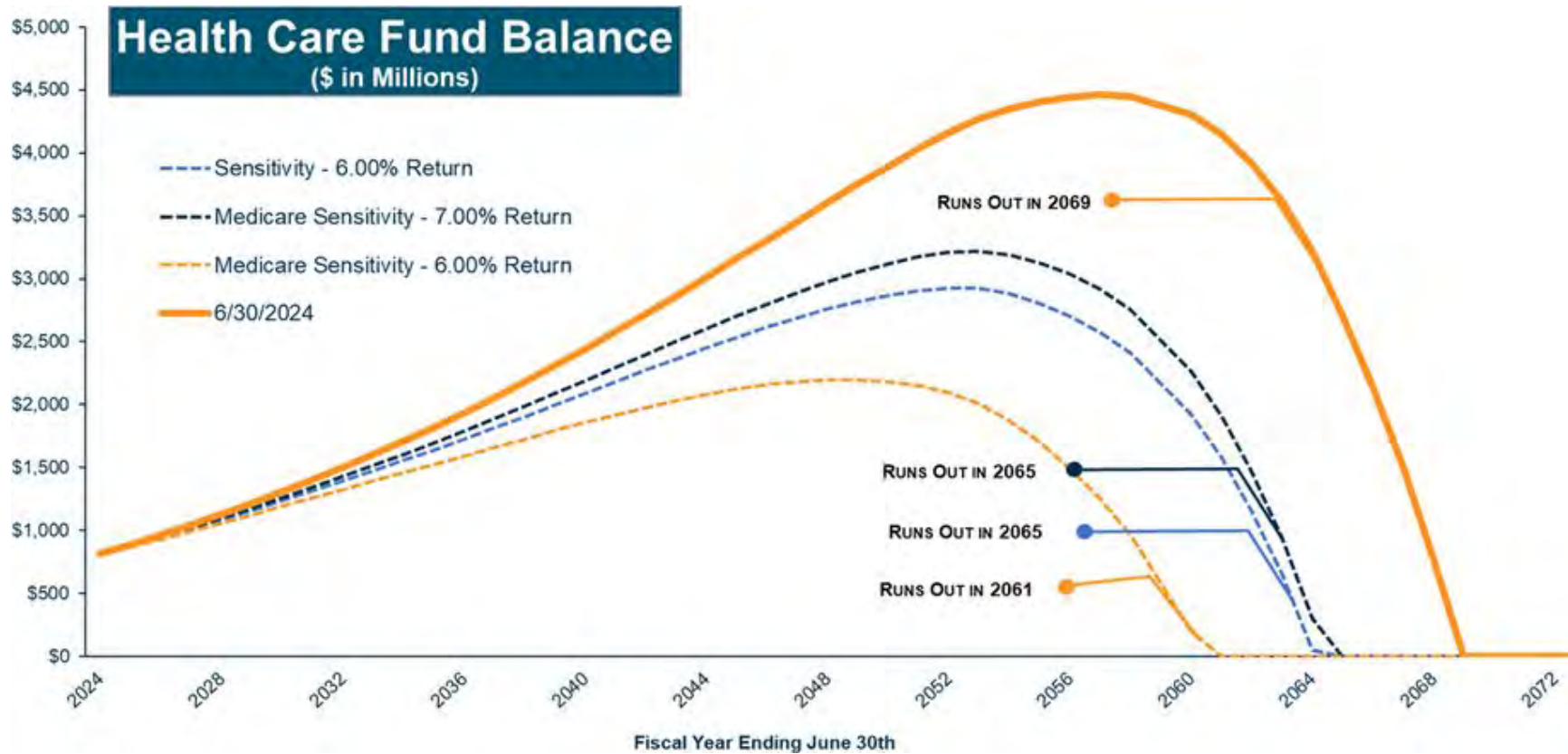
Health Care Fund Projections

VALUATION ASSUMPTIONS

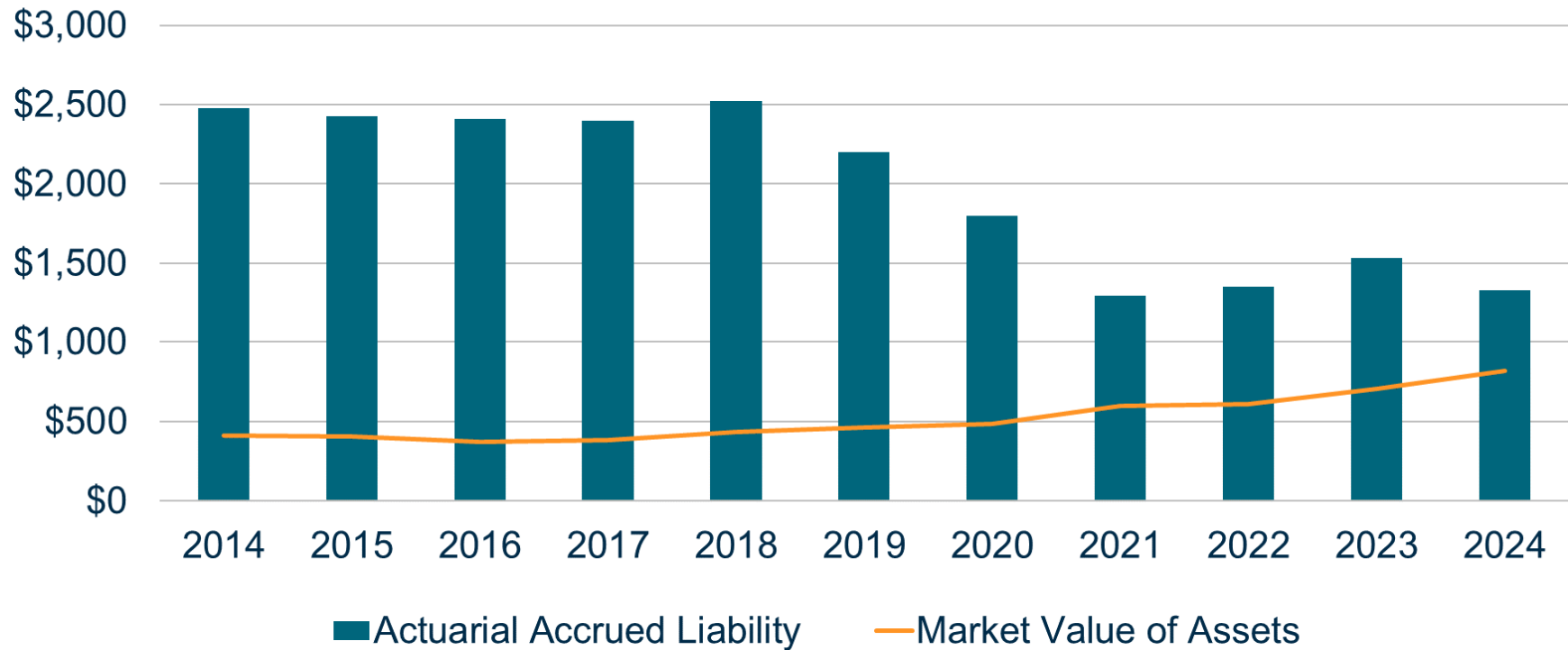


Health Care Fund Projections

SENSITIVITIES



Actuarial Accrued Liability vs. Market Value of Assets



Health Care Fund Results



| | June 30, 2023 (\$ Millions) | June 30, 2024 (\$ Millions) |
|--|--------------------------------|--------------------------------|
| Total Normal Cost Rate | 1.40% | 1.27% |
| Less Member Rate | <u>0.00%</u> | <u>0.00%</u> |
| Employer Normal Cost Rate | 1.40% | 1.27% |
| Rate to Amortize UAL | <u>1.25%</u> | <u>0.73%</u> |
| Total Recommended Employer Contribution Rate | 2.65% | 2.00% |
| Actuarial Accrued Liability | \$1,532 | \$1,325 |
| Market Value of Assets | <u>\$707</u> | <u>\$816</u> |
| Unfunded Accrued Liability | \$825 | \$509 |
| Funded Ratio | 46.14% | 61.59% |
| Employer Contribution Toward Health Care | 1.50% | 1.50% |
| Amortization Period | 30 | 30 |

2024 OPEB Gain/Loss

Health Care System Experience

Demographic



Demographic gains are (3.4%) of AAL

Claims and Premiums



Claims and premiums gains are (24.0%) of the AAL. The gain is primarily due to the reduction in Medicare plan costs.

Assumption



Assumption Losses are 4.0% of AAL. Assumptions regarding future health care cost increases were updated.

Assets



\$2.3 Million Gain

Accrued Liability as of June 30, 2024 is \$1.3 billion

Surcharge

- The surcharge level is \$30,000 for the 2024-2025 fiscal year.
- For the 2025-2026 fiscal year, recommend a 10% increase to \$33,000 to meet funding policy goals.
- The surcharge level is limited to 2.00% of each individual employer's payroll and 1.50% of total System payroll.



Your CavMac team



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Consulting Actuary*



John Garrett
ASA, MAAA, FCA

*Principal,
Consulting Actuary*

The actuaries who prepared these results, Todd B. Green, ASA, EA, MAAA, FCA, Alisa Bennett, FSA, EA, MAAA, FCA, and John Garrett, ASA, MAAA, FCA are members of the American Academy of Actuaries and are qualified to render the actuarial opinions presented herein. We are happy to provide additional information and answer any questions, if necessary.



LOOKING FOR MORE?

Additional information regarding the assumptions and methods can be found in the July 1, 2024 actuarial valuation report.



**THANK
YOU**

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO



Report on the Annual Basic Benefits Valuation

Prepared as of June 30, 2024



November 5, 2024

Board of Trustees
School Employees Retirement System of Ohio
300 East Broad Street, Suite 100
Columbus, OH 43215-3746

Dear Members of the Board:

Presented in this report are the results of the annual actuarial valuation of the basic benefits provided under the School Employees Retirement System of Ohio (SERS) as of June 30, 2024. The purpose of the valuation was to measure the System's funding progress and to calculate the actuarially determined employer contribution rates for the fiscal year beginning July 1, 2024.

The valuation is based upon data, furnished by the SERS staff, concerning active, inactive and retiree members along with pertinent financial information. The complete cooperation of the SERS staff in furnishing materials requested is hereby acknowledged with appreciation.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.



The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Todd B. Green ASA, EA, FCA, MAAA
President

John J. Garrett, ASA, FCA, MAAA
Principal and Consulting Actuary

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

TBG:dv



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EXECUTIVE SUMMARY

REPORT ON THE ANNUAL VALUATION OF THE SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

PREPARED AS OF JUNE 30, 2024

The School Employees Retirement System of Ohio (SERS or System) is a defined benefit public pension fund that provides pensions and access to health care coverage for retired school employees who are covered in nonteaching positions. This includes bus drivers, custodians, treasurers, business officials, administrative assistants, food service providers, and educational aides. This report presents the results of the June 30, 2024, actuarial funding valuation of the System. The primary purposes of performing the actuarial funding valuation are to:

- determine the sufficiency of the Statutory Contribution Rate as set forth in the Ohio statutes;
- determine the experience of the System since the last valuation date;
- disclose asset and liability measures as of the valuation date; and
- analyze and report on trends in System contributions, assets, and liabilities over the past several years.

The actuarial valuation results provide a “snapshot” view of the System’s financial condition on June 30, 2024. Actuarial gains and losses result when the actual experience of the plan (such as asset return, pay increases, turnover, deaths, etc.) is different from that expected by the actuarial assumptions. The System’s unfunded actuarial accrued liability (UAAL) was expected to be \$5,226.2 million as of June 30, 2024, taking into account contributions from the employers and members of \$1,009.1 million. The actual UAAL is \$5,004.8 million. The net decrease of \$221.4 million is attributable to liability and investment gains and losses which are detailed in Section 5. The remaining amortization period of the UAAL is 20 years as of June 30, 2024.

The valuation is based on a set of actuarial assumptions which were adopted by the Board based on the five-year experience study for the period ending June 30, 2020. These assumptions are presented in Schedule C.





EXECUTIVE SUMMARY

A summary of the key results from the June 30, 2024 actuarial valuation is shown below. Further detail on the valuation results can be found in the following sections of this Executive Summary.

| | June 30, 2024 Valuation Results | June 30, 2023 Valuation Results |
|---|------------------------------------|------------------------------------|
| Actuarially Determined Contribution Rate | 9.56% | 10.57% |
| Employer Contribution Rate | 14.00% | 14.00% |
| Sufficiency/(Deficiency) | 4.44% | 3.43% |
| Remaining Amortization Period | 20 | 21 |
| Unfunded Actuarial Accrued Liability (\$M) | \$5,004.8 | \$5,398.7 |
| Basic Benefit Funded Ratio (Actuarial Assets) | 78.99% | 76.61% |

The funded ratio of the basic benefits is 78.99%. Since this is greater than 70%, per the Board-adopted funding policy, the basic benefits may receive an employer contribution between 13.50% and 14.00% of compensation for FY2025. The Health Care Fund may receive an employer contribution of up to 0.50%. Based on a Board Resolution dated September 19, 2024, the valuation allocates the entire 14.00% to the basic benefits and 0.00% allocated to health care consistent with SERS' funding policy. The funding policy requires at least 13.50% of the employers' contributions be allocated to SERS' basic benefits when the funded ratio is 70% but less than 80%, with the remainder (if any) allocated to health care.

Under Ohio Revised Code 3309.374(B), on September 19, 2024, the Board granted an annual cost-of-living-adjustment of 2.5% for eligible SERS members for the 2025 calendar year over the assumed adjustment of 2.0%. This has been included in the valuation for funding purposes.

EXPERIENCE FOR THE LAST PLAN YEAR

Numerous factors contributed to the change in the System's assets, liabilities, and actuarial contribution rate between June 30, 2023 and June 30, 2024. The components are examined in the following discussion. Since the most recent experience study was completed, we note that inflation has been significantly higher than assumed. Inflation is a component of several assumptions so the effects of higher inflation as a component of one assumption may be partially offset by the effect of higher inflation in another. We do not want to give too much credibility to recent experience, but we cannot ignore that current rates of inflation are the highest in the past 40 years. We will continue to monitor inflation in subsequent valuations to assess the reasonableness of the assumed inflation used in the valuation.





EXECUTIVE SUMMARY

ASSETS

As of June 30, 2024, SERS' basic benefits had net assets of \$18,704,520,334, when measured on a market value basis. This was an increase of \$1,145,718,868 from the previous year. The market value of assets is not used directly in the calculation of the unfunded actuarial accrued liability and the actuarially determined contribution. The asset valuation smoothing method, which recognizes the annual unexpected portion of market value investment returns over a four-year period, attempts to reduce the effect of market volatility. The resulting amount is called the "actuarial value of assets" and is utilized to determine the actuarial valuation results. In this year's valuation, the actuarial value of assets as of June 30, 2024, was \$18,815,292,621, an increase of \$1,129,640,444 from the value in the prior year. The components of change in the asset values are shown in the following table.

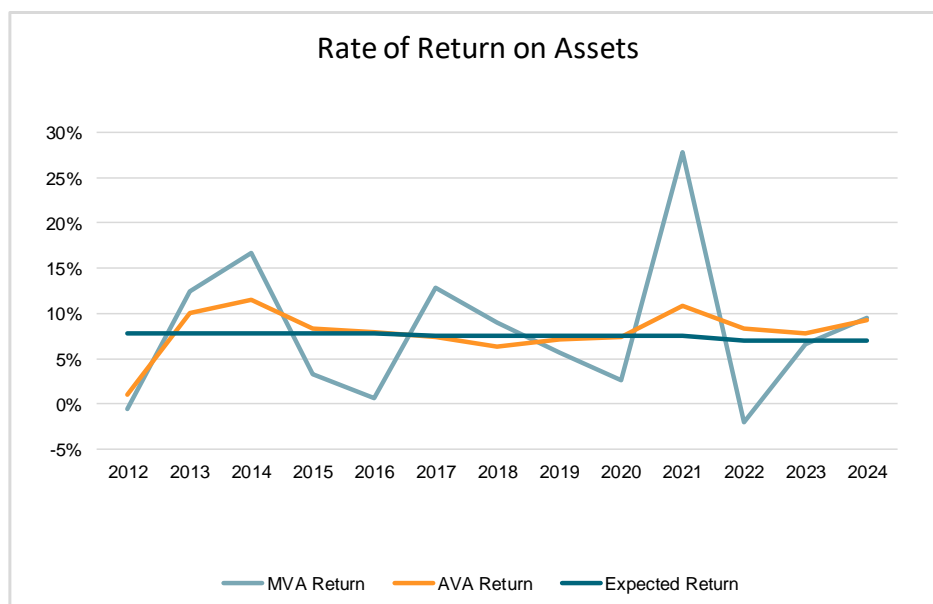
| | Actuarial Value | | Market Value | |
|-------------------------------------|-----------------|----------------|--------------|----------------|
| Net Assets, June 30, 2023 | \$ | 17,685,652,177 | \$ | 17,558,801,466 |
| - Employer and Member Contributions | + | 1,009,104,814 | + | 1,009,104,814 |
| - Benefit Payments | - | 1,513,844,574 | - | 1,513,844,574 |
| - Investment Gains | + | 1,634,380,204 | + | 1,650,458,628 |
| Net Assets, June 30, 2024 | | 18,815,292,621 | | 18,704,520,334 |





EXECUTIVE SUMMARY

The estimated investment return on the market value of assets for FY2024 was 9.46%. Due to the investment experience gain for FY2024, the resulting return on the smoothed actuarial value of assets was 9.30%. The return on the funds supporting Basic Benefits was 9.38%. As this rate of return was greater than the assumed rate of 7.00%, there was an actuarial investment experience gain of \$414.1 million. The return on the Health Care Fund is 8.02%. Please see Section 3, Schedule B, and Schedule F of this report for more detailed information on the market and actuarial value of assets.



Market value returns have been very volatile. As can be seen in this graph, the return on actuarial assets is much smoother than the return on market value. The asset smoothing method impacts only the timing of when the actual market experience is recognized in the valuation process. The remaining deferred investment experience net loss of \$111 million will be absorbed in future years.

LIABILITIES

The actuarial accrued liability is the portion of the present value of future benefits allocated to service performed up to the valuation date. The difference between this liability and the actuarial value of assets is called the unfunded actuarial accrued liability (UAAL). The dollar amount of unfunded actuarial accrued liability is reduced if the contributions to the System exceed the normal cost for the year, plus interest on the prior year's UAAL.

The unfunded actuarial accrued liability is shown as of June 30, 2024 in the following table:





EXECUTIVE SUMMARY

| | Actuarial Value of Assets | Market Value of Assets |
|---------------------------------------|------------------------------|---------------------------|
| Actuarial Accrued Liability | \$23,820,116,970 | \$23,820,116,970 |
| Value of Assets | \$18,815,292,621 | \$18,704,520,334 |
| Unfunded Actuarial Accrued Liability* | \$5,004,824,349 | \$5,115,596,636 |
| Funded Ratio | 78.99% | 78.52% |

* See Appendix B of the report for the detailed development of the unfunded actuarial accrued liability.

Changes in the UAAL occur for various reasons. The net decrease in the UAAL from June 30, 2023, to June 30, 2024, was \$393.9 million. The components of this net change are shown in the table below:

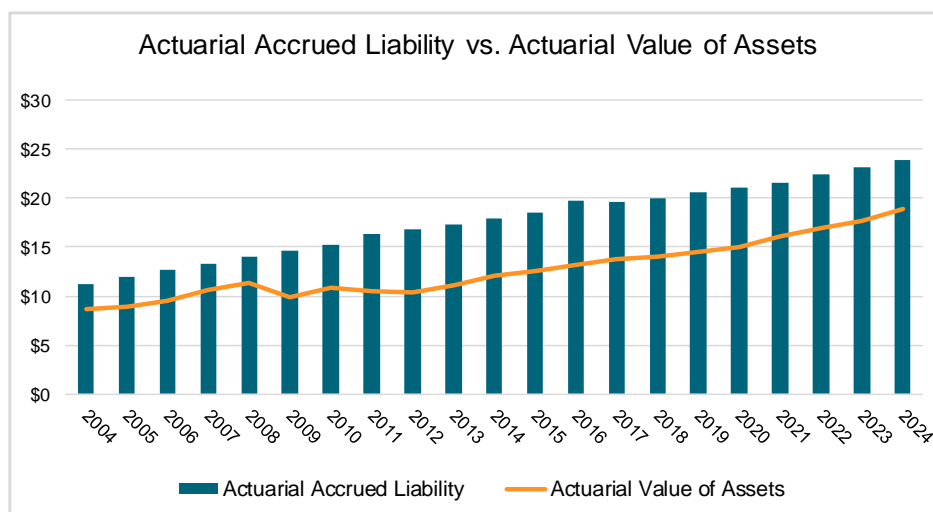
| | | | |
|--|--|-----------|-----------|
| Unfunded Actuarial Accrued Liability, June 30, 2023 | | | |
| (\$ Millions) | | | \$5,398.7 |
| Expected increase/(decrease) due to amortization method | | (\$172.5) | |
| Investment experience | | (\$414.1) | |
| Liability experience | | \$153.8 | |
| Assumption Change to 2025 COLA Rate | | \$38.9 | |
| Total | | | (\$393.9) |
| Unfunded Actuarial Accrued Liability, June 30, 2024 | | | \$5,004.8 |

As shown above, various components impacted the UAAL. Actuarial gains (losses) result from actual experience that is more (less) favorable than anticipated based on the actuarial assumptions. The amounts are measured as the difference between the expected unfunded actuarial accrued liability and the actual unfunded actuarial accrued liability net of any impact due to changes in actuarial assumptions and methods or benefit provisions. Overall, the System experienced a net decrease to the UAAL of \$393.9 million. The net UAAL decrease is comprised primarily of experience and investment gains; the largest sources of liability gains were due to mortality and various data and method changes, which were offset by losses due to retirement, termination, and salary experience. Finally, there was an additional increase in the UAAL due to recognition of the 2.50% cost-of-living adjustment granted by the Board for all eligible SERS members for calendar year 2025.





EXECUTIVE SUMMARY



Since June 30, 2004, the actuarial accrued liability has been higher than the actuarial value of assets. Investment experience below the assumed rate of return was the primary source of the increased difference between the actuarial accrued liability and actuarial assets. SERS implemented pension reform to improve the System's funding progress. The Board's funding policy allocates a higher portion of the employer contribution toward the basic benefits until the fund achieves a funded status of 90%. An evaluation of the unfunded actuarial accrued liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial accrued liability and the progress made in its funding is to track the funded ratio, the ratio of the actuarial value of assets to the actuarial accrued liability.

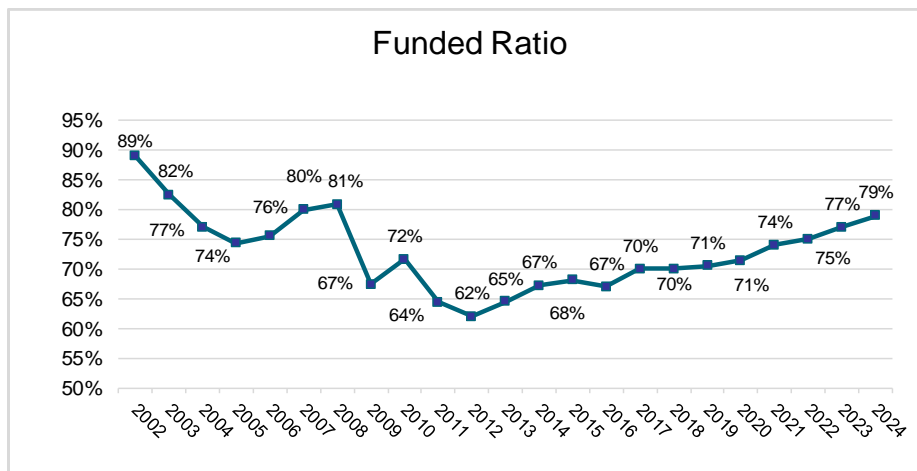
| | 6/30/20 | 6/30/21 | 6/30/22 | 6/30/23 | 6/30/24 |
|--|------------|------------|------------|------------|-----------|
| Funded Ratio | 71.49% | 74.46% | 75.48% | 76.61% | 78.99% |
| Unfunded Actuarial Accrued Liability (\$M) | \$ 5,997.1 | \$ 5,498.1 | \$ 5,484.5 | \$ 5,398.7 | \$5,004.8 |





EXECUTIVE SUMMARY

The longer-term historical funded ratio information is shown in the chart below.



Investment returns are the primary source of decreases in the funded ratio as can be seen during the 2002-2003 “tech bubble” recession and the “great” recession of 2008-2009. Board actions which led to legislation to modify the Plan in combination with improved experience of the System are attributable to the improved funded ratio since 2016.

CONTRIBUTION RATE

Under the Entry Age Normal cost method, the actuarial contribution rate consists of two components:

- a "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date which is funded by both member and employer contributions, and
- an "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service-to-date over the actuarial value of assets.





EXECUTIVE SUMMARY

See Section 6 of the report for the detailed development of these contribution rates which are summarized in the following table:

| Contribution Rates | June 30, 2024 | June 30, 2023 |
|--|---------------|---------------|
| 1. Employer Portion of Normal Cost Rate | 0.75% | 0.79% |
| 2. UAAL Contribution Rate | 8.81% | 9.78% |
| 3. Total Actuarial Determined Contribution Rate (1) + (2) | 9.56% | 10.57% |
| 4. Funded Ratio | 78.99% | 76.61% |
| 5. Total Employer Contribution Rate | 14.00% | 14.00% |
| 6. Amount Allocated to Basic Benefits | 14.00% | 14.00% |

Contributions are developed with the intent of being level as a percentage of covered payroll, assuming the number of active members remains stable. Furthermore, the funding policy is expected to accumulate sufficient assets to make all future benefit payments as they become due, if all assumptions are met. Actuarial Standard of Practice Number 4 (ASOP 4) requires the disclosure of a reasonable Actuarial Determined Contribution (ADC). Based on the assumptions and methods used in this report, the ADC is reasonable with respect to ASOP 4.

As discussed earlier, SERS' basic benefits includes retirement, disability, and survivor benefits, along with Medicare Part B reimbursements and lump sum retiree death benefits. SERS also provides access to health care coverage for retiree members. The Health Care Fund is partially supported by employer contributions that are not required for actuarially funding basic benefits. The funding policy is expected to accelerate the pace at which SERS' basic benefits will achieve a funded ratio equal to 90%. The Board has allocated the entire employer contribution toward basic benefits.





SECTION 1 – SUMMARY OF PRINCIPAL RESULTS

REPORT ON THE ANNUAL VALUATION OF THE SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

PREPARED AS OF JUNE 30, 2024

- This report, prepared as of June 30, 2024, presents the results of the annual actuarial valuation of the basic benefits provided under the System, including pension, Medicare Part B reimbursement, and post-retirement death benefits. For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized in the following table.

SUMMARY OF PRINCIPAL RESULTS

| | June 30, 2024 | June 30, 2023 |
|---|------------------|------------------|
| Active members included in valuation | | |
| Number | 163,350 | 159,873 |
| Annual Compensation* | \$4,547,315,949 | \$4,298,689,195 |
| Retirees | | |
| Number | 82,490 | 81,833 |
| Annual allowances | \$1,383,749,267 | \$1,340,607,264 |
| Deferred Vesteds | | |
| Number | 6,607 | 6,413 |
| Annual deferred allowances | \$47,759,766 | \$45,681,879 |
| Assets (net of Health Care Assets) | | |
| Market related actuarial value | \$18,815,292,621 | \$17,685,652,177 |
| Market value | \$18,704,520,334 | \$17,558,801,466 |
| Unfunded Accrued Liability | \$5,004,824,349 | \$5,398,664,520 |
| Funded Ratio (AVA/AAL) | | |
| All Basic Benefits | 78.99% | 76.61% |
| Pension Benefits | 79.00% | 76.73% |
| Medicare Part B | 78.37% | 69.92% |
| Post-retirement Death Benefits | 80.02% | 74.44% |
| Actuarially Determined Contribution Rate | | |
| Normal | 0.75% | 0.79% |
| Accrued liability | <u>8.81%</u> | <u>9.78%</u> |
| Total | 9.56% | 10.57% |
| Funding Policy Contribution Rate | 14.00% | 14.00% |
| Accrued liability amortization period (years) | 20 | 21 |

* The annual compensation reflects imputed salaries.





SECTION 1 – SUMMARY OF PRINCIPAL RESULTS

2. The statute sets a contribution cap of 24% of payroll: 14% from employers and 10% from employees. Employer contributions in excess of those required to support the basic benefits may be allocated to retiree health care funding. If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.
3. The valuation balance sheet showing the results of the valuation is given in Schedule A.
4. Comments on the valuation results are given in Section 4, comments on the experience and the sources of actuarial gains and losses during the valuation year are given in Section 5, and the rates of contribution payable by employers are given in Section 6.
5. Schedule B of this report presents the development of the actuarial value of assets. Schedule C details the actuarial assumptions and methods employed. Schedule D gives a summary of the benefit and contribution provisions of the plan.





SECTION 2 – MEMBERSHIP DATA

Data regarding the membership of the System for use as a basis for the valuation was furnished by the System’s staff. The following tables summarize the membership of the System as of June 30, 2024, upon which the valuation was based. Detailed tabulations of the data are given in Schedule E.

Active Members

| Number | Payroll | Group Averages | | |
|---------|-----------------|----------------|------|---------|
| | | Salary | Age | Service |
| 163,350 | \$4,547,315,949 | \$27,838 | 46.8 | 7.0 |

The total number of active members includes 42,453 vested members and 120,897 non-vested members. Those who reached 25 years of service on or before August 1, 2017 were eligible to retire under the previous age and service credit eligibility requirements.

The following table shows a six-year schedule of active member valuation data.

SCHEDULE OF SERS ACTIVE MEMBER VALUATION DATA

| Valuation Date | Number | Annual Payroll | Annual Average Pay | % Increase in Average Pay |
|----------------|---------|-----------------|--------------------|---------------------------|
| 6/30/2019 | 159,363 | \$3,462,524,396 | \$21,727 | 3.2% |
| 6/30/2020 | 156,579 | 3,477,578,726 | 22,210 | 2.2 |
| 6/30/2021 | 146,646 | 3,622,097,199 * | 24,700 | 11.2 |
| 6/30/2022 | 155,063 | 3,994,657,693 | 25,762 | 4.3 |
| 6/30/2023 | 159,873 | 4,298,689,195 | 26,888 | 4.4 |
| 6/30/2024 | 163,350 | 4,547,315,949 | 27,838 | 3.5 |

* Effective June 30, 2021, the annual compensation reflects imputed salaries.





SECTION 2 – MEMBERSHIP DATA

The following table shows the number and annual retirement allowances payable to retiree members and their beneficiaries on the roll of the Retirement System as of the valuation date as well as certain group averages.

Retiree Lives

| Type of Benefit Payment | Number | Annual Benefits | Group Averages | |
|----------------------------|--------|-----------------|----------------|------|
| | | | Benefit | Age |
| Retirees and Beneficiaries | 72,722 | \$1,241,321,595 | \$17,069 | 75.6 |
| Disability | 5,719 | 100,616,972 | 17,593 | 68.9 |
| Survivors | 4,049 | 41,810,700 | 10,326 | 73.0 |
| Total in SERS | 82,490 | \$1,383,749,267 | \$16,775 | 75.0 |

This valuation also includes 283,701 inactive members eligible for a contribution refund only (including 261,230 members reported separately who had completed one or more years of service before terminating). Their contributions totaled \$284,540,102 as of June 30, 2024. There were also 6,607 terminated vested members with annual deferred pension benefits of \$47,759,766. Included in the "Retiree" numbers in the above table are 13,171 reemployed retirees with account balances of \$145,159,275 (including employer contributions and interest), 949 reemployed retirees receiving only an annuity from their contributions and their employers' matching contributions, and 1,184 reemployed retirees receiving such annuities in addition to their regular pension benefits. The sum of the annuity payments attributable to these reemployed retirees is \$9,779,739. Included in the "Disability" numbers in the above table are 1,401 retirees converted to a service retirement. The sum of the annuity payments attributable to these converted disabled retirees is \$17,738,523.





SECTION 3 – ASSETS

1. As of June 30, 2024, the total market value of assets amounted to \$19,520,989,201. All figures include the combined Pension Trust Fund, Medicare B Fund, Death Benefit Fund, and Health Care Fund, but exclude the QEBA Fund. The return on the combined funds including the Health Care Fund is 9.46%. The return on the funds supporting Basic Benefits is 9.54%. The return on the Health Care Fund is 8.02%.

| Asset Summary Based on Market Value | | | |
|-------------------------------------|--|----|-----------------|
| (1) | Assets at June 30, 2023 | \$ | 18,265,587,027 |
| (2) | Contributions and Misc. Revenue | | 1,203,195,379 |
| (3) | Investment Gain (Loss) | | 1,706,226,096 |
| (4) | Benefit Payments | | (1,654,019,301) |
| (5) | Assets at June 30, 2024 (1) + (2) + (3) + (4) | \$ | 19,520,989,201 |
| (6) | Annualized Rate of Return* | | 9.46 % |

2. The four-year smoothed market related actuarial value of assets used for the current valuation was \$19,631,761,488. Schedule B shows the development of the actuarial value of assets as of June 30, 2024. Again all figures include the combined Pension Trust Fund, Medicare B Fund, Death Benefit Fund, and Health Care Fund, but exclude the QEBA Fund. The return on the combined funds including the Health Care Fund is 9.30%. The return on the funds supporting Basic Benefits is 9.38%. The return on the Health Care Fund is 8.02%.

| Asset Summary Based on Actuarial Value | | | |
|--|---|----|-----------------|
| (1) | Assets at June 30, 2023 | \$ | 18,392,437,738 |
| (2) | Contributions and Misc. Revenue | | 1,203,195,379 |
| (3) | Investment Gain (Loss) | | 1,690,147,672 |
| (4) | Benefit Payments | | (1,654,019,301) |
| (5) | Assets at June 30, 2024 Before Application of Corridor (1) + (2) + (3) + (4) | \$ | 19,631,761,488 |
| (6) | Annualized Rate of Return* | | 9.30 % |

*Based on the approximation formula: $I / [0.5 \times (A + B - I)]$, where

- I = Investment Gain (Loss)
- A = Beginning of year asset value
- B = End of year asset value





SECTION 4 – COMMENTS ON VALUATION

Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2024.

1. The total retirement benefit valuation balance sheet shows that the System has total future retirement benefit liabilities of \$28,043,268,260, of which \$13,933,220,087 is for the future benefits payable for present retiree members and beneficiaries of deceased members; \$883,577,014 is for the future benefits payable for present inactive members; and \$13,226,471,159 is for the future benefits payable for present active members. Against these retirement benefit liabilities, the System has a total present actuarial value of assets of \$18,815,292,621 as of June 30, 2024. The difference of \$9,227,975,639 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future for retirement benefits. Of this amount, \$3,989,397,444 is the present value of future contributions expected to be made by members, and the balance of \$5,238,578,195 represents the present value of future contributions payable by the employers.
2. The employers' contributions to the System on account of retirement benefits consist of normal contributions, accrued liability contributions and contributions for administrative expenses. The valuation indicates that employer normal contributions at the rate of 0.48% of payroll for basic pension benefits, 0.02% of payroll for post-retirement death benefits, and 0.25% of payroll for Medicare Part B benefits are required to provide the benefits of the System for the average member of SERS. Prospective employer normal contributions on account of retirement benefits at the above rates have a present value of \$233,753,846.
3. For pension benefits, it is recommended that the unfunded accrued liability contribution rate payable by the employers on account of retirement benefits be set at 8.65% of payroll. For post-retirement death benefits, it is recommended that the unfunded accrued liability contribution rate payable by the employers on account of retirement benefits be set at 0.01% of payroll. Finally, for Medicare Part B benefits, it is recommended that the unfunded accrued liability contribution rate payable by the employers on account of retirement benefits be set at 0.15% of payroll. These rates are sufficient to amortize the unfunded accrued liability of \$5,004,824,349 over 20 years based on the assumption that the aggregate payroll for SERS members will increase by 1.75% each year.
4. The present value of the total future contributions to be made by the employers for basic benefits is the sum of the future employer normal contributions and the unfunded accrued liability contributions and equals \$5,238,578,195.





SECTION 5 – DERIVATION OF EXPERIENCE GAINS AND LOSSES

Actual experience will never (except by coincidence) match exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) for the year ended June 30, 2024, is shown below in \$ millions.

| Total Basic Benefits June 30: | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------------------------|--|------------|---------|---------|---------|---------|---------|
| (1) | UAAL from last valuation | \$ 5,398.7 | 5,484.5 | 5,498.1 | 5,997.1 | 6,054.2 | 5,985.5 |
| (2) | Normal cost from last valuation | 461.7 | 430.1 | 406.2 | 347.6 | 344.1 | 330.6 |
| (3) | Contributions | 1,009.1 | 955.5 | 900.1 | 830.6 | 843.9 | 809.9 |
| (4) | Interest accrual: [(1) + (2) - (3)*.5] x .0.07 | 374.9 | 380.6 | 381.8 | 444.8 | 448.3 | 443.3 |
| (5) | Expected UAAL before changes: (1) + (2) - (3) + (4) | \$ 5,226.2 | 5,339.7 | 5,386.0 | 5,958.9 | 6,002.7 | 5,949.5 |
| (6) | Change due to plan amendments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (7) | Change due to new actuarial assumption or methods | (38.9) | (37.1) | (37.0) | (126.5) | 0.0 | 0.0 |
| (8) | Expected UAAL after changes: (5) - (6) - (7) | \$ 5,265.1 | 5,376.8 | 5,423.0 | 6,085.4 | 6,002.7 | 5,949.5 |
| (9) | Actual UAAL from this valuation | \$ 5,004.8 | 5,398.7 | 5,484.5 | 5,498.1 | 5,997.1 | 6,054.2 |
| (10) | Total Gain/(Loss): (8) - (9) | \$ 260.3 | (21.9) | (61.5) | 587.3 | 5.6 | (104.7) |
| (11) | Investment Gain/(Loss): | \$ 414.1 | 155.7 | 268.6 | 431.3 | 7.1 | (44.1) |
| (12) | Non-Investment Gain/(Loss) | \$ (153.8) | (177.6) | (330.1) | 155.8 | (1.5) | (60.6) |

| Pension June 30: | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---------------------|--|------------|---------|---------|---------|---------|---------|
| (1) | UAAL from last valuation | \$ 5,271.8 | 5,329.7 | 5,316.4 | 5,789.8 | 5,822.7 | 5,735.1 |
| (2) | Normal cost from last valuation | 449.8 | 418.8 | 395.0 | 338.8 | 335.4 | 322.1 |
| (3) | Contributions | 981.0 | 926.9 | 871.7 | 803.0 | 814.0 | 780.6 |
| (4) | Interest accrual: [(1) + (2) - (3)*.5] x .0.07 | 366.2 | 370.0 | 369.3 | 429.6 | 431.4 | 425.0 |
| (5) | Expected UAAL before changes: (1) + (2) - (3) + (4) | \$ 5,106.8 | 5,191.6 | 5,209.0 | 5,755.2 | 5,775.5 | 5,701.6 |
| (6) | Change due to plan amendments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (7) | Change due to new actuarial assumption or methods | (38.9) | (37.1) | (37.0) | (120.9) | 0.0 | 0.0 |
| (8) | Expected UAAL after changes: (5) - (6) - (7) | \$ 5,145.7 | 5,228.7 | 5,246.0 | 5,876.1 | 5,775.5 | 5,701.6 |
| (9) | Actual UAAL from this valuation | \$ 4,913.7 | 5,271.8 | 5,329.7 | 5,316.4 | 5,789.8 | 5,822.7 |
| (10) | Total Gain/(Loss): (8) - (9) | \$ 232.0 | (43.1) | (83.7) | 559.7 | (14.3) | (121.1) |
| (11) | Investment Gain/(Loss): | \$ 407.2 | 153.3 | 264.7 | 425.4 | 6.4 | (44.1) |
| (12) | Non-Investment Gain/(Loss) | \$ (175.2) | (196.4) | (348.4) | 134.3 | (20.7) | (77.0) |





SECTION 5 – DERIVATION OF EXPERIENCE GAINS AND LOSSES

(\$ Millions)

| Medicare Part B June 30: | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------------------|--|----------|-------|-------|-------|-------|-------|
| (1) | UAAL from last valuation | \$ 116.1 | 143.1 | 168.5 | 194.0 | 217.4 | 235.4 |
| (2) | Normal cost from last valuation | 11.2 | 10.6 | 10.5 | 8.3 | 8.2 | 8.0 |
| (3) | Contributions | 26.0 | 26.6 | 26.2 | 26.3 | 28.3 | 27.3 |
| (4) | Interest accrual: [(1) + (2) - (3)*.5] x .007 | 8.0 | 9.8 | 11.6 | 14.1 | 15.8 | 17.2 |
| (5) | Expected UAAL before changes: (1) + (2) - (3) + (4) | \$ 109.3 | 136.9 | 164.4 | 190.1 | 213.1 | 233.3 |
| (6) | Change due to plan amendments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (7) | Change due to new actuarial assumption or methods | 0.0 | 0.0 | 0.0 | (4.5) | 0.0 | 0.0 |
| (8) | Expected UAAL after changes: (5) - (6) - (7) | \$ 109.3 | 136.9 | 164.4 | 194.6 | 213.1 | 233.3 |
| (9) | Actual UAAL from this valuation | \$ 82.6 | 116.1 | 143.1 | 168.5 | 194.0 | 217.4 |
| (10) | Total Gain/(Loss): (8) - (9) | \$ 26.7 | 20.8 | 21.3 | 26.1 | 19.1 | 15.9 |
| (11) | Investment Gain/(Loss): | \$ 6.1 | 2.1 | 3.5 | 5.2 | 0.7 | 0.1 |
| (12) | Non-Investment Gain/(Loss) | \$ 20.6 | 18.7 | 17.8 | 20.9 | 18.4 | 15.8 |

| Post-Retirement Death Benefits June 30: | | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|--|---------|------|------|-------|------|-------|
| (1) | UAAL from last valuation | \$ 10.8 | 11.7 | 13.2 | 13.3 | 14.1 | 15.0 |
| (2) | Normal cost from last valuation | 0.7 | 0.7 | 0.7 | 0.5 | 0.5 | 0.5 |
| (3) | Contributions | 2.1 | 2.0 | 2.2 | 1.4 | 1.5 | 2.0 |
| (4) | Interest accrual: [(1) + (2) - (3)*.5] x .007 | 0.7 | 0.8 | 0.9 | 1.0 | 1.0 | 1.1 |
| (5) | Expected UAAL before changes: (1) + (2) - (3) + (4) | \$ 10.1 | 11.2 | 12.6 | 13.4 | 14.1 | 14.6 |
| (6) | Change due to plan amendments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (7) | Change due to new actuarial assumption or methods | 0.0 | 0.0 | 0.0 | (1.1) | 0.0 | 0.0 |
| (8) | Expected UAAL after changes: (5) - (6) - (7) | \$ 10.1 | 11.2 | 12.6 | 14.5 | 14.1 | 14.6 |
| (9) | Actual UAAL from this valuation | \$ 8.5 | 10.8 | 11.7 | 13.2 | 13.3 | 14.1 |
| (10) | Total Gain/(Loss): (8) - (9) | \$ 1.6 | 0.4 | 0.9 | 1.3 | 0.8 | 0.5 |
| (11) | Investment Gain/(Loss): | \$ 0.8 | 0.3 | 0.4 | 0.7 | 0.0 | (0.1) |
| (12) | Non-Investment Gain/(Loss) | \$ 0.8 | 0.1 | 0.5 | 0.6 | 0.8 | 0.6 |





SECTION 5 – DERIVATION OF EXPERIENCE GAINS AND LOSSES

ANALYSIS OF FINANCIAL EXPERIENCE Gains and (Losses) in Accrued Liabilities Resulting from Difference Between Assumed Experience and Actual Experience (\$ Millions)

| Type of Activity | Pension | Medicare Part B | Post-Retirement Death Benefit | Total Basic Benefits |
|---|-----------|-----------------|-------------------------------|----------------------|
| Age & Service Retirements. If members retire at older ages, there is a gain. If younger ages, a loss. | \$ (58.1) | \$ 4.0 | \$ 1.0 | \$ (53.1) |
| Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss. | (1.3) | 0.1 | 0.0 | (1.2) |
| Pre-Retirement Death Benefits. If survivor claims are less than assumed, there is a gain. If more claims, there is a loss. | (7.1) | (0.3) | 0.0 | (7.4) |
| Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss. | (49.7) | 3.3 | 0.2 | (46.2) |
| Pay Increases. If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss. | (105.3) | 0.0 | 0.0 | (105.3) |
| New Members. Additional accrued liability attributable to members who entered the plan since the last valuation. | (61.8) | (1.8) | (0.1) | (63.7) |
| Investment Income. If there is a greater investment income than assumed, there is a gain. If less income, a loss. | 407.2 | 6.1 | 0.8 | 414.1 |
| Death After Retirement. If retired members live longer than assumed, there is a loss. If not as long, a gain. | 31.1 | 12.4 | (0.5) | 43.0 |
| Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc. | 77.0 | 2.9 | 0.2 | 80.1 |
| Gain (or Loss) During Year From Financial Experience | \$ 232.0 | \$ 26.7 | \$ 1.6 | \$ 260.3 |
| Non-Recurring Items. Adjustments for plan amendments, assumption changes and method changes | (38.9) | 0.0 | 0.0 | (38.9) |
| Composite Gain (or Loss) During Year | \$ 193.1 | \$ 26.7 | \$ 1.6 | \$ 221.4 |

The fund experienced a gain of \$414.1 million due to investment performance. Conversely, there was a demographic-related experience loss of \$153.8 million. Additionally, a non-recurring item was attributed to the recognition of a 2.5% Cost of Living Adjustment for the 2025 calendar year.





SECTION 6 – ACTUARIALLY DETERMINED CONTRIBUTION RATES

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement System. The following table shows the rates of contribution payable by employers.

Actuarially Determined Contribution Rates

| Contribution for | Pension | Post-Retirement Death Benefit | Medicare Part B | Total Basic Benefits |
|---|---------|----------------------------------|--------------------|-------------------------|
| A. Normal Cost: | | | | |
| (1) Service retirement benefits | 7.29% | | | |
| (2) Disability benefits | 0.86 | | | |
| (3) Survivor benefits | 0.33 | | | |
| (4) Refunds | 2.00 | | | |
| (5) Total | 10.48% | 0.02% | 0.25% | 10.75% |
| B. Member Contributions | 10.00% | 0.00% | 0.00% | 10.00% |
| C. Employer Normal Cost: [A(5) - B] | 0.48% | 0.02% | 0.25% | 0.75% |
| D. Unfunded Actuarial Accrued Liability Contributions | 8.65% | 0.01% | 0.15% | 8.81% |
| E. Total Recommended Employer Contribution Rate:[C+D] | 9.13% | 0.03% | 0.40% | 9.56% |

The statute sets a contribution cap of 24% of payroll: 14% from employers and 10% from employees. Employer contributions in excess of those required to support the basic benefits may be allocated to retiree health care funding. If the funded ratio is less than 70%, all 14% of the employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits. Based on a Board Resolution dated September 19, 2024, the entire 14% of the employers' contribution will be allocated to SERS' basic benefits.





SECTION 7 – SCHEDULE OF FUNDING PROGRESS

(\$ Millions)

| Actuarial Valuation Date | Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b - a) / (c) |
|---------------------------------------|--------------------------|---|-----------------------------|----------------------|---------------------|---|
| Pension Benefits | | | | | | |
| 6/30/2019 | \$ 14,267 | \$ 20,090 | \$ 5,823 | 71.0% | \$ 3,463 | 168.1% |
| 6/30/2020 | 14,811 | 20,601 | 5,790 | 71.9 | 3,478 | 166.5 |
| 6/30/2021 | 15,781 | 21,097 | 5,316 | 74.8 | 3,622 | 146.8 |
| 6/30/2022 | 16,611 | 21,941 | 5,330 | 75.7 | 3,995 | 133.4 |
| 6/30/2023 | 17,384 | 22,656 | 5,272 | 76.7 | 4,299 | 122.6 |
| 6/30/2024 | 18,482 | 23,396 | 4,914 | 79.0 | 4,547 | 108.1 |
| Medicare Part B | | | | | | |
| 6/30/2019 | \$ 180 | \$ 397 | \$ 217 | 45.3% | \$ 3,463 | 6.3% |
| 6/30/2020 | 199 | 393 | 194 | 50.6 | 3,478 | 5.6 |
| 6/30/2021 | 223 | 391 | 169 | 57.0 | 3,622 | 4.6 |
| 6/30/2022 | 246 | 389 | 143 | 63.2 | 3,995 | 3.6 |
| 6/30/2023 | 270 | 386 | 116 | 69.9 | 4,299 | 2.7 |
| 6/30/2024 | 299 | 382 | 83 | 78.3 | 4,547 | 1.8 |
| Post-Retirement Death Benefits | | | | | | |
| 6/30/2019 | \$ 26 | \$ 40 | \$ 14 | 65.0% | \$ 3,463 | 0.4% |
| 6/30/2020 | 27 | 40 | 13 | 67.5 | 3,478 | 0.4 |
| 6/30/2021 | 28 | 41 | 13 | 68.3 | 3,622 | 0.4 |
| 6/30/2022 | 30 | 41 | 11 | 73.2 | 3,995 | 0.3 |
| 6/30/2023 | 31 | 42 | 11 | 73.8 | 4,299 | 0.3 |
| 6/30/2024 | 34 | 43 | 9 | 79.1 | 4,547 | 0.2 |





SECTION 8 – RISK CONSIDERATIONS

A typical retirement plan faces many different risks, but the greatest risk is the inability to make benefit payments when due. If plan assets are depleted, benefits may not be paid which could create legal and litigation risk or the plan could become “pay as you go”. The term “risk” is most commonly associated with an outcome with undesirable results. However, in the actuarial world, risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions.

The various risk factors for a given plan can have a significant impact – positive or negative – on the actuarial projection of liability and contribution rates.

There are a number of risks inherent in the funding of a defined benefit plan. These include:

- economic risks, such as investment return and price inflation;
- demographic risks such as mortality, payroll growth, aging population including impact of baby boomers, and retirement ages;
- contribution risk, i.e., the potential for contribution rates to be too high for the plan sponsor/employer to pay and
- external risks such as the regulatory and political environment.

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions equal to the full actuarial contribution rate each year. The System is primarily funded by member and employer contributions to the trust fund, together with the earnings on these accumulated contributions. These contributions fund benefit accruals for current active members and administrative expenses. The remainder of the contributions amortizes the unfunded actuarial accrued liability. The contribution rates are set by state statute and are intended to provide the needed amounts to fund the System over time. The purpose of the valuation is to determine if the fixed employer and member contributions remain sufficient to fund the Plan. Due to the fixed nature of the contributions actuarial gains and losses are reflected in the amortization period. Generally, the largest source of actuarial gains and losses are caused by investment volatility. In addition, the unfunded liability is amortized as a level percentage of pay assuming payroll will grow by 1.75% per year. A key risk factor to the System’s funding is that over time, the Statutory Contribution Rates will be insufficient to accumulate enough funds, with investment income, to fund the promised benefits. The funding insufficiency can be caused by amortization periods that are too long or by payroll not growing at the assumed rate.

The other significant risk factor for the System is investment return because of the volatility of returns and the size of plan assets compared to payroll. A perusal of historical returns over 10-20 years reveals that the actual return each year is rarely close to the average return for the same period. This is to be expected, given the underlying capital market assumptions and the System’s asset allocation. To the extent market rates of interest affect the expected return on assets, there is a risk of change to the discount rate which determines the present value of liabilities and actuarial valuation results.

A key demographic risk for the Retirement System is improvements in mortality (longevity) greater than anticipated. Mortality risk arises because there is unexpected mortality improvement, perhaps from a





SECTION 8 – RISK CONSIDERATIONS

significant medical breakthrough that could quickly increase liabilities. While this is an exposure to risk, it represents a small probability.

The following exhibits summarize some historical information that helps indicate how certain key risk metrics have changed over time. Many are due to the maturing of the retirement system.

Historical Asset Volatility Ratios (in 1,000s)

As a system matures, the size of the market value of assets increases relative to the covered payroll of active members, on which the System is funded. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the System. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility. In other words, it will be harder to recover from investment losses with increased contributions.

| Fiscal Year End | Market Value of Assets (\$ Millions) | Covered Payroll (\$ Millions) | Asset Volatility Ratio |
|-----------------|---|----------------------------------|------------------------|
| 6/30/2011 | \$10,619 | \$2,852 | 3.72 |
| 6/30/2012 | 10,332 | 2,788 | 3.71 |
| 6/30/2013 | 11,300 | 2,747 | 4.11 |
| 6/30/2014 | 12,821 | 2,759 | 4.65 |
| 6/30/2015 | 12,797 | 2,845 | 4.50 |
| 6/30/2016 | 12,452 | 2,932 | 4.25 |
| 6/30/2017 | 13,614 | 3,303 | 4.12 |
| 6/30/2018 | 14,271 | 3,332 | 4.28 |
| 6/30/2019 | 14,544 | 3,463 | 4.20 |
| 6/30/2020 | 14,420 | 3,478 | 4.15 |
| 6/30/2021 | 17,840 | 3,622 | 4.93 |
| 6/30/2022 | 16,963 | 3,995 | 4.25 |
| 6/30/2023 | 17,559 | 4,299 | 4.08 |
| 6/30/2024 | 18,705 | 4,547 | 4.11 |

The assets at June 30, 2024 are 411% of payroll, so underperforming the investment return assumption by 1.00% (i.e., earn 6.00% for one year) is equivalent to 4.11% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAL, this illustrates the risk associated with volatile investment returns.





SECTION 8 – RISK CONSIDERATIONS

Historical Cash Flows

Plans with negative cash flows will experience increased sensitivity to investment return volatility. Cash flows, for this purpose, are measured as contributions less benefit payments and administrative expenses. If the System has negative cash flows and then experiences returns below the assumed rate, there are fewer assets to be reinvested to earn the higher returns that typically follow. While any negative cash flow will produce such a result, it is typically a negative cash flow of more than 4% of MVA that may cause significant concerns. The System has negative cash flows which range from 2% to 4% for the prior five years, so there is no immediate concern.

| Fiscal Year End | Market Value of Assets (\$ Millions) | Contributions (\$ Millions) | Benefit Payments & Expenses (\$ Millions) | Net Cash Flow (\$ Millions) | Net Cash Flow as % of Market Value |
|-----------------|--------------------------------------|-----------------------------|---|-----------------------------|------------------------------------|
| 6/30/2011 | \$10,619 | \$682 | \$880 | (\$197) | (1.86%) |
| 6/30/2012 | 10,332 | 697 | 946 | (249) | (2.41) |
| 6/30/2013 | 11,300 | 695 | 1,020 | (325) | (2.88) |
| 6/30/2014 | 12,821 | 701 | 1,069 | (368) | (2.87) |
| 6/30/2015 | 12,797 | 702 | 1,156 | (455) | (3.56) |
| 6/30/2016 | 12,452 | 751 | 1,203 | (452) | (3.63) |
| 6/30/2017 | 13,614 | 804 | 1,256 | (451) | (3.31) |
| 6/30/2018 | 14,271 | 760 | 1,335 | (575) | (4.03) |
| 6/30/2019 | 14,544 | 810 | 1,368 | (558) | (3.84) |
| 6/30/2020 | 14,420 | 844 | 1,354 | (510) | (3.54) |
| 6/30/2021 | 17,840 | 831 | 1,387 | (556) | (3.12) |
| 6/30/2022 | 16,963 | 900 | 1,439 | (539) | (3.18) |
| 6/30/2023 | 17,559 | 956 | 1,507 | (551) | (3.14) |
| 6/30/2024 | 18,705 | 1,009 | 1,544 | (535) | (2.86) |





SECTION 8 – RISK CONSIDERATIONS

Liability Maturity Measurement

Most public sector retirement systems have been in operation for many years. As a result, they have aging plan populations, and in some cases declining active populations, resulting in an increasing ratio of retirees to active members and a growing percentage of retiree liability. The retirement of the remaining baby boomers over the next decade is expected to further exacerbate the aging of the retirement system population. With more of the total liability residing with retirees, investment volatility has a greater impact on the funding of the system since it is more difficult to restore the system financially after losses occur when there is comparatively less payroll over which to spread costs. Below are two tables which demonstrate the ratio of the System's retiree liability compared to the total accrued liability and the ratio of the number of retirees and beneficiaries to the number of active members.

| Fiscal Year End | Retiree Liability (\$ Millions) | Total Actuarial Liability (\$ Millions) | Retiree Percentage |
|-----------------|---------------------------------|---|--------------------|
| 6/30/2011 | \$8,605 | \$16,325 | 53% |
| 6/30/2012 | 9,250 | 16,755 | 55% |
| 6/30/2013 | 9,793 | 17,247 | 57% |
| 6/30/2014 | 10,437 | 17,882 | 58% |
| 6/30/2015 | 11,047 | 18,503 | 60% |
| 6/30/2016 | 11,702 | 19,771 | 59% |
| 6/30/2017 | 11,679 | 19,588 | 60% |
| 6/30/2018 | 12,399 | 19,998 | 62% |
| 6/30/2019 | 12,629 | 20,527 | 62% |
| 6/30/2020 | 12,949 | 21,034 | 62% |
| 6/30/2021 | 13,346 | 21,530 | 62% |
| 6/30/2022 | 13,658 | 22,371 | 61% |
| 6/30/2023 | 13,997 | 23,084 | 61% |
| 6/30/2024 | 14,387 | 23,820 | 60% |





SECTION 8 – RISK CONSIDERATIONS

Historical Member Statistics

| Fiscal Year End | Active Count | Retiree Count | Active to Retiree Ratio |
|-----------------|--------------|---------------|-------------------------|
| 6/30/2011 | 125,337 | 67,221 | 1.86 |
| 6/30/2012 | 121,811 | 69,038 | 1.76 |
| 6/30/2013 | 121,642 | 70,771 | 1.72 |
| 6/30/2014 | 121,251 | 72,605 | 1.67 |
| 6/30/2015 | 122,855 | 74,372 | 1.65 |
| 6/30/2016 | 124,540 | 76,280 | 1.63 |
| 6/30/2017* | 157,981 | 79,157 | 2.00 |
| 6/30/2018 | 158,343 | 81,332 | 1.95 |
| 6/30/2019 | 159,363 | 81,024 | 1.97 |
| 6/30/2020 | 156,579 | 80,851 | 1.94 |
| 6/30/2021 | 146,646 | 80,721 | 1.82 |
| 6/30/2022 | 155,063 | 81,151 | 1.91 |
| 6/30/2023 | 159,873 | 81,833 | 1.95 |
| 6/30/2024 | 163,350 | 82,490 | 1.98 |

*Effective in FY2017, the active member headcount reflects an increase of members who have been re-categorized from inactive to active status.

Liquidation Risk

Under the revised Actuarial Standards of Practice (ASOP) No. 4 effective for valuations after February 15, 2023, we must now include a low-default-risk obligation measure of the System's liability in our funding valuation report. This is an informational disclosure as described below and would not be appropriate for assessing the funding progress or health of the plan.

This measure uses the unit credit cost method and reflects all the assumptions and provisions of the funding valuation except that the discount rate is derived from considering low-default-risk fixed income securities. We considered the FTSE Pension Discount Curve based on market bond rates published by the Society of Actuaries as of June 30, 2024 and with the 30-year spot rate used for all durations beyond 30. Using these assumptions, we calculate a liability of approximately \$25,344 million.

This amount approximates the termination liability if the plan (or all covered employment) ended on the valuation date and all of the accrued benefits had to be paid with cash-flow matched bonds. This assurance of funded status and benefit security is typically more relevant for corporate plans than for governmental plans since governments rarely have the need or option to completely terminate a plan.





SCHEDULE A – VALUATION BALANCE SHEET AND SOLVENCY TEST

The following valuation balance sheet shows the assets and liabilities of the System as of the current valuation date of June 30, 2024, and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2023. The items shown in the balance sheet are present values actuarially determined as of the relevant valuation date.

VALUATION BALANCE SHEET SHOWING THE ASSETS AND LIABILITIES OF THE SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

| | June 30, 2024 | June 30, 2023 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Current actuarial value of assets | \$ 18,815,292,621 | \$ 17,685,652,177 |
| Prospective contributions | | |
| Member contributions | \$ 3,989,397,444 | \$ 3,754,463,724 |
| Employer normal contributions | 233,753,846 | 231,818,269 |
| Unfunded accrued liability contributions | <u>5,004,824,349</u> | <u>5,398,664,520</u> |
| Total prospective contributions | <u>\$ 9,227,975,639</u> | <u>\$ 9,384,946,513</u> |
| Total assets | <u>\$ 28,043,268,260</u> | <u>\$ 27,070,598,690</u> |
| LIABILITIES | | |
| Present value of benefits payable on account of present retired members and beneficiaries | \$ 13,933,220,087 | \$ 13,563,986,248 |
| Present value of benefits payable on account of active members | 13,226,471,159 | 12,677,554,697 |
| Present value of benefits payable on account of inactive and deferred vested members | <u>883,577,014</u> | <u>829,057,745</u> |
| Total liabilities | <u>\$ 28,043,268,260</u> | <u>\$ 27,070,598,690</u> |





SCHEDULE A – VALUATION BALANCE SHEET AND SOLVENCY TEST

The following table provides the solvency test for SERS members. The table allocates the valuation assets of the System to its liabilities based on an order of precedence. The highest order of precedence is active member contributions. The second highest order of precedence are members in pay status, and vested and non-vested terminated members. The lowest order of precedence is the employer financed portion of active member accrued benefits. The liabilities are determined using the System's assumed rate of return.

Solvency Test (\$ Millions)

| Valuation Date | Aggregate Accrued Liabilities For | | | Actuarial Value of Assets | Portion of Accrued Liabilities Covered by Reported Assets | | |
|---------------------------------------|------------------------------------|--|---|---------------------------|---|-------|------|
| | (1) Active Member Contributions | (2) Retired Members & Beneficiaries | (3) Active Members (Employer Financed Portion) | | (1) | (2) | (3) |
| Pension Benefits | | | | | | | |
| 6/30/2019 | \$ 2,842 | \$ 12,666 | \$ 4,582 | \$ 14,268 | 100.0% | 90.2% | 0.0% |
| 6/30/2020 | 2,934 | 13,009 | 4,658 | 14,811 | 100.0 | 91.3 | 0.0 |
| 6/30/2021 | 2,986 | 13,434 | 4,677 | 15,781 | 100.0 | 95.2 | 0.0 |
| 6/30/2022 | 3,040 | 13,773 | 5,128 | 16,611 | 100.0 | 98.5 | 0.0 |
| 6/30/2023 | 3,093 | 14,132 | 5,431 | 17,384 | 100.0 | 100.0 | 2.9 |
| 6/30/2024 | 3,595 | 14,558 | 5,243 | 18,482 | 100.0 | 100.0 | 6.3 |
| Medicare Part B | | | | | | | |
| 6/30/2019 | \$ 0 | \$ 244 | \$ 153 | \$ 180 | 100.0% | 73.8% | 0.0% |
| 6/30/2020 | 0 | 236 | 157 | 199 | 100.0 | 84.3 | 0.0 |
| 6/30/2021 | 0 | 238 | 154 | 223 | 100.0 | 93.7 | 0.0 |
| 6/30/2022 | 0 | 231 | 158 | 246 | 100.0 | 100.0 | 9.5 |
| 6/30/2023 | 0 | 228 | 158 | 270 | 100.0 | 100.0 | 26.5 |
| 6/30/2024 | 0 | 224 | 158 | 299 | 100.0 | 100.0 | 47.6 |
| Post-Retirement Death Benefits | | | | | | | |
| 6/30/2019 | \$ 0 | \$ 31 | \$ 8 | \$ 25 | 100.0% | 80.6% | 0.0% |
| 6/30/2020 | 0 | 31 | 8 | 27 | 100.0 | 87.1 | 0.0 |
| 6/30/2021 | 0 | 33 | 7 | 28 | 100.0 | 84.8 | 0.0 |
| 6/30/2022 | 0 | 33 | 8 | 30 | 100.0 | 90.9 | 0.0 |
| 6/30/2023 | 0 | 33 | 9 | 31 | 100.0 | 93.9 | 0.0 |
| 6/30/2024 | 0 | 34 | 8 | 34 | 100.0 | 100.0 | 0.0 |





SCHEDULE B – DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

| Valuation date June 30: | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|-------------------|-------------------|------------------|----------------|----------------|
| A. Actuarial Value Beginning of Year | \$ 17,498,546,968 | \$ 18,392,437,738 | | | |
| B. Market Value End of Year | 18,265,587,027 | 19,520,989,201 | | | |
| C. Market Value Beginning of Year | 17,574,265,414 | 18,265,587,027 | | | |
| D. Cash Flow | | | | | |
| D1. Contributions | \$ 1,013,052,377 | \$ 1,070,015,866 | | | |
| D2. Other Revenue | 212,407,315 | 133,179,513 | | | |
| D3. Benefit Payments | (1,674,031,898) | (1,651,565,296) | | | |
| D4. Net Transfers | (9,866,201) | (2,454,005) | | | |
| D5. Net | \$ (458,438,407) | \$ (450,823,922) | | | |
| E. Investment Income | | | | | |
| E1. Market Total: B.-C.-D5. | \$ 1,149,760,020 | \$ 1,706,226,096 | | | |
| E2. Assumed Rate (Net of Expenses) | 7.00% | 7.00% | | | |
| E3. Amount for Immediate Recognition | 1,214,153,235 | 1,262,812,255 | | | |
| E4. Amount for Phased-In Recognition | (64,393,215) | 443,413,841 | | | |
| F. Phased-In Recognition of Investment Income | | | | | |
| F1. Current Year: 0.25 * E4. | \$ (16,098,304) | \$ 110,853,460 | \$ 0 | \$ 0 | \$ 0 |
| F2. First Prior Year | (411,136,059) | (16,098,304) | 110,853,460 | 0 | 0 |
| F3. Second Prior Year | 743,716,320 | (411,136,059) | (16,098,304) | 110,853,460 | 0 |
| F4. Third Prior Year | (178,306,015) | 743,716,320 | (411,136,059) | (16,098,304) | 110,853,460 |
| F5. Total Recognized Investment Gain/(Loss) | \$ 138,175,942 | \$ 427,335,417 | \$ (316,380,903) | \$ 94,755,156 | \$ 110,853,460 |
| G. Preliminary Actuarial Value End of Year: | | | | | |
| A.+D5.+E3.+F5. | \$ 18,392,437,738 | \$ 19,631,761,488 | | | |
| H. Corridor | | | | | |
| H1. 80% of Market Value | \$ 14,612,469,622 | \$ 15,616,791,361 | | | |
| H2. 120% of Market Value | \$ 21,918,704,432 | \$ 23,425,187,041 | | | |
| I. Actuarial Value End of Year: | | | | | |
| G. Not Less than H1. or Not Greater than H2. | \$ 18,392,437,738 | \$ 19,631,761,488 | | | |
| J. Difference Between Market & Actuarial Values | \$ (126,850,711) | \$ (110,772,287) | \$ 205,608,617 | \$ 110,853,462 | \$ 0 |
| K. Health Care Valuation Assets | \$ 706,785,561 | \$ 816,468,867 | | | |
| L. Basic Benefits Valuation Assets (G. - K.) | \$ 17,685,652,177 | \$ 18,815,292,621 | | | |

The Actuarial Valuation of Assets recognizes assumed investment income (line E3) fully each year. Differences between actual and assumed investment income (line E4) are phased in over a closed four-year period. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Actuarial Value of Assets will tend to be greater than market value. If assumed rates are exactly realized for four consecutive years, actuarial value will become equal to market value.





SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the valuation were based on the actuarial experience study for the five-year period ending June 30, 2020, adopted by the Board on April 15, 2021.

INTEREST RATE: 7.00% per annum, compounded annually (net after all System expenses).

SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

| Service | Annual Rates of Withdrawal |
|---------|----------------------------|
| 0 | 40.00% |
| 1 | 19.00 |
| 2 | 11.00 |
| 3 | 9.00 |
| 4 | 8.00 |
| 5 | 6.50 |
| 10 | 3.50 |
| 15 | 2.25 |

| Age | Annual Rates of | | | |
|-----|-----------------|--------|------------|--------|
| | Death * | | Disability | |
| | Male | Female | Male | Female |
| 20 | .041% | .013% | .020% | .010% |
| 25 | .041 | .012 | .039 | .010 |
| 30 | .052 | .019 | .071 | .028 |
| 35 | .068 | .030 | .127 | .059 |
| 40 | .096 | .047 | .214 | .106 |
| 45 | .143 | .072 | .313 | .180 |
| 50 | .218 | .107 | .414 | .300 |
| 55 | .320 | .157 | .530 | .450 |
| 60 | .466 | .238 | .590 | .450 |
| 65 | .682 | .380 | .533 | .300 |
| 70 | 1.025 | .627 | .300 | .200 |
| 74 | 1.461 | .937 | .300 | .200 |

* Pre-retirement mortality is based on the PUB-2010 General Amount Weighted Below Median Employee Mortality Table with fully generational projection using the MP-2020 projection scale. The above rates represent the base rates used.





SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

| Age | Annual Rates of | | | | | | | |
|-----|-------------------------------------|-----------------|--------------------------|----------------------|----------------------------------|-----------------|--------------------------|----------------------|
| | Retirement Eligible prior to 8/1/17 | | | | Retirement Eligible after 8/1/17 | | | |
| | Reduced | Reduced (55/25) | First Eligible Unreduced | Subsequent Unreduced | Reduced | Reduced (60/25) | First Eligible Unreduced | Subsequent Unreduced |
| 50 | | | 21% | 19% | | | | |
| 55 | | 10% | 27% | 19% | | | | |
| 57 | | 10% | 27% | 19% | | | 30% | 19% |
| 60 | 43% | 15% | 27% | 19% | | 6% | 30% | 19% |
| 62 | 43% | 15% | 27% | 19% | 5% | 6% | 30% | 19% |
| 65 | | | 50% | 33% | 15% | 17% | 30% | 19% |
| 68 | | | 50% | 33% | | | 30% | 18% |
| 70 | | | 50% | 33% | | | 30% | 18% |
| 75 | | | 100% | 100% | | | 100% | 100% |

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

| Service | Annual Rates of | | |
|-----------|-----------------------|--------------------|------------------------------------|
| | Merit & Seniority (A) | Base (Economy) (B) | Increase Next Year (1+(A))*(1+(B)) |
| 0 | 10.00% | 3.25% | 13.58% |
| 1 | 3.00 | 3.25 | 6.35 |
| 2 | 1.75 | 3.25 | 5.06 |
| 3 | 1.25 | 3.25 | 4.54 |
| 4 | 1.00 | 3.25 | 4.28 |
| 5-9 | 0.75 | 3.25 | 4.02 |
| 10-15 | 0.50 | 3.25 | 3.77 |
| 16-17 | 0.25 | 3.25 | 3.51 |
| 18 & over | 0.00 | 3.25 | 3.25 |

PAYROLL GROWTH: 1.75% per annum, compounded annually.

PRICE INFLATION: 2.40% per annum, compounded annually.





SCHEDULE C – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

ANNUAL COLA: Increase of 2.00% of initial retirement allowance on anniversary of retirement date. On and after April 1, 2018, COLAs for future retirees will be delayed until the fourth anniversary of benefit commencement.

DEATH AFTER RETIREMENT: These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

MARRIAGE ASSUMPTION: 80% married with the husband three years older than his wife.

VALUATION METHOD: Entry age normal cost method. Entry age is established on an individual basis.

ASSET VALUATION METHOD: Actuarial value, as developed in Schedule B. The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the assumed valuation rate of return. The amount recognized each year is 25% of the difference between market value and expected market value. The actuarial value of assets cannot be less than 80% or more than 120% of market value.

FUNDING POLICY: If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

| | |
|---|---|
| Contributions for Basic Benefits | Members contribute 10% of pay and employers contribute 14% of pay. Employer contributions not required to finance basic benefits may be allocated to the Health Care Fund. |
| Final Average Salary | Average annual salary over the member's three highest years of service. |
| Normal Retirement | |
| Condition for Retirement | |
| <i>Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017</i> | Attainment of age 65 with at least 5 years of creditable service, or completion of 30 years of creditable service, regardless of age. |
| <i>Members attaining 25 years of service after August 1, 2017</i> | Attainment of age 67 with at least 10 years of creditable service, or attainment of age 57 with at least 30 years of creditable service. Buy-up option was available. |
| Amount of Allowance | The annual retirement allowance payable shall not be greater than 100% of final average salary, and is the greater of: <ol style="list-style-type: none">1. Money Purchase - the greater of: The sum of:<ol style="list-style-type: none">a. An annuity based on the value of the member's accumulated contributions at retirementb. A pension equal to the annuityc. For members who have 10 or more years of service credit prior to 10/1/1956, an annual benefit of \$180.2. Defined Benefit - the greater of: The sum of:<ol style="list-style-type: none">a. 2.2% of final average salary multiplied by the member's years of service up to 30,b. 2.5% of final average salary multiplied by the member's years of service in excess of 30,or:<ol style="list-style-type: none">c. \$86 multiplied by the years of service. |





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

Early Retirement

Condition for Early Retirement

Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017

Not eligible for unreduced service retirement but has attained age 55 with at least 25 years of service, or age 60 with 5 years of service.

Members attaining 25 years of service after August 1, 2017

Attainment of age 62 with at least 10 years of creditable service, or attainment of age 60 with at least 25 years of creditable service.

Amount of Allowance

Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017

Normal retirement allowance accrued to the date of early retirement. The Defined Benefit amount determined above is adjusted by the following percentages based on attained age or years of service:

| <u>Attained Age</u> | <u>Years of Ohio Service Credit</u> | <u>Percentage</u> |
|---------------------|-------------------------------------|-------------------|
| 58 | 25 | 75% |
| 59 | 26 | 80 |
| 60 | 27 | 85 |
| 61 | | 88 |
| | 28 | 90 |
| 62 | | 91 |
| 63 | | 94 |
| | 29 | 95 |
| 64 | | 97 |





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

Members attaining 25 years of service after August 1, 2017

Actuarial equivalent of the normal retirement allowance accrued to the date of early retirement. The Defined Benefit amount determined above is actuarially adjusted for the years before age 65 (age 67 if after August 1, 2017) or 30 years of service, whichever is shorter, but in no event is the adjusted benefit less than the following percentages of the Defined Benefit amount based on years of service:

| Years of Ohio Service Credit | Percentage |
|-------------------------------------|-------------------|
| 25 | 75% |
| 26 | 80 |
| 27 | 85 |
| 28 | 90 |
| 29 | 95 |

Disability Retirement

Condition for Retirement

An allowance is paid upon becoming permanently disabled after completion of at least 5 years of total service credit.

Amount of Allowance

1. For those who were active members prior to July 29, 1992 and did not elect the benefit structure outlined below, an allowance based on service to date of disablement, plus, if the age at disablement is less than 60, continuous service to age 60. The allowance is computed in the same manner as the defined benefit service retirement allowance, subject to a minimum of 30% of FAS and a maximum of 75% of FAS. It is payable for life, unless terminated.





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

2. For those who became active members after July 28, 1992, and for those who were active members prior to July 29, 1992 who so elected, an allowance equal to the greater of (i) 45% of FAS, or (ii) the lesser of 60% of FAS, or the allowance computed in the same manner as the defined benefit service retirement allowance. The allowance will continue until:
 - a. The date the member is granted a service retirement benefit, or
 - b. The date the allowance is terminated, or
 - c. The later of the date the member attains age 65 or the date the disability allowance has been paid for the minimum duration in accordance with the following schedule:

| <u>Age at Disability</u> | <u>Minimum Duration In Months</u> |
|--------------------------|---------------------------------------|
| 60 and earlier | 60 |
| 61 | 60 |
| 62 | 48 |
| 63 | 48 |
| 64 | 36 |
| 65 | 36 |
| 66 | 24 |
| 67 | 24 |
| 68 | 24 |
| 69 and older | 12 |

Death Benefits Prior to Retirement

Death While Eligible to Retire

If a member dies in service after becoming eligible to retire with a service allowance and leaves a surviving spouse or other sole dependent beneficiary, the survivor may elect to receive the same amount that would have been paid had the member retired the last day of the month of death and elected the 100% joint and survivor form of payment.





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

Survivor (Death-in-Service) Allowances

| | |
|-----------------------|--|
| Condition for Benefit | <p>Upon the death of a member with at least 1.5 years of Ohio service credit and with at least 0.25 year of Ohio contributing service credit within 2.5 years prior to the date of death, the survivor allowances are payable as follows:</p> <ol style="list-style-type: none">1. Qualified Spouse: A monthly allowance commencing at age 62, except that the benefit is payable immediately if: (1) the qualified deceased member had 10 or more years of Ohio service credit; or (2) is caring for a surviving child, or (3) is incompetent.2. Qualified Child: For allowances that commenced before January 7, 2013, an allowance is payable to a deceased member's qualified child who is under age 18 and never been married, under age 22 and in school, or adjudged incompetent prior to the member's death and the child attaining age 18 or age 22 if attending school. For allowances that commence on or after January 7, 2013, an allowance is payable to a deceased member's qualified child who is under age 19 and never been married or adjudged incompetent prior to the member's death and the child attaining age 19.3. Qualified Parent's Allowance: A monthly allowance is payable to a dependent parent age 65 or older. |
|-----------------------|--|





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

Amount of Allowances

Except when survived by a qualified child(ren), upon the death of a member prior to retirement, the accumulated contributions of the member without interest is payable. Alternatively, the beneficiary may elect the following amounts, payable monthly while eligible:

| <u>Number of Qualified Survivors</u> | <u>Annual Benefit as Percent of Member's FAS</u> | <u>Minimum Monthly Allowance</u> |
|---|---|---|
| 1 | 25% | \$96 |
| 2 | 40 | 186 |
| 3 | 50 | 236 |
| 4 | 55 | 236 |
| 5 or more | 60 | 236 |

If the deceased member had attained at least 20 years of service, the total benefits payable to all qualified survivors are not less than:

| <u>Years of Service</u> | <u>Annual Benefit as Percent of Member's FAS</u> |
|--------------------------------|---|
| 20 | 29% |
| 21 | 33 |
| 22 | 37 |
| 23 | 41 |
| 24 | 45 |
| 25 | 48 |
| 26 | 51 |
| 27 | 54 |
| 28 | 57 |
| 29 or more | 60 |





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

Termination Benefits

Refund of Members' Accumulated Contributions In the event a member leaves service before any monthly benefits are payable on his/her behalf, the member's accumulated contributions, without interest, may be refunded.

Deferred Benefits Members who retire prior to August 1, 2017 must have at least 5 years of service credit and those members who retire on and after August 1, 2017 must have at least 10 years of service credit and are eligible to draw the benefit the first of the month following their 62nd birthday.

Normal Form of Benefit Single Life Annuity

Optional Forms of Benefit A member upon retirement may elect to receive an allowance in one of the following forms that are computed to be actuarially equivalent to the applicable retirement allowance:

Upon the death of a retiree, 50%, 100%, or some other percentage of his/her reduced retirement allowance shall be continued throughout the life of, and paid to, a designated beneficiary.

A reduced retirement allowance shall be continued throughout the life of the pensioner, but with further payment to the pensioner, his/her beneficiary or estate for a specified number of years certain.

A member can select a partial lump sum option at retirement. Under this option, the partial lump sum shall not be less than 6 times and not more than 36 times the unreduced monthly benefit, and the monthly benefit will be actuarially reduced. In addition, the monthly benefit payable cannot be less than 50% of the unreduced amount.

Post-Retirement Death Benefit Regardless of the form of benefit selected, a lump sum benefit of \$1,000 is paid at the death of the retiree.





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

Post-Retirement Increases

Pre 1/1/2018: On each anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased by 3% of the base benefit.

On and after 1/1/2018: On each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0% nor greater than 2.5%. COLAs shall be suspended for calendar years 2018, 2019, and 2020.

On and after 4/1/2018: COLAs for future retirees will be delayed until the fourth anniversary of benefit commencement.

Medicare Part B

Each recipient of a service retirement benefit, a disability benefit, or a survivor benefit who was credited with at least 10 years of service and has paid Medicare Part B premiums and has chosen the health care option, is reimbursed \$45.50 per month for premiums. The reimbursement will continue to the spouse upon the death of the retiree in cases where the retiree elected a Joint and Survivor payment form.

Reemployed Retirants

Eligibility Effective

July 1, 1991, service retirees of SERS, or service or disability retirees of one of the other four Ohio retirement systems who are employed in a SERS-covered position are required to contribute to a money purchase annuity, a type of defined contribution plan.

Amount of Allowance

Upon termination of employment, a reemployed retirant who has attained age 65 is eligible to receive an annuity based on the amount of his/her accumulated contributions, and an equal amount of employer contributions, plus interest to the effective date of retirement. Effective July 1, 2006 the amount of employer contributions will be determined by the Board. Interest is granted on the reemployed retirant's prior fiscal year account balance, calculated using a rate determined by the SERS Board, compounded annually. The benefit is payable as a lump sum or as an annuity if the amount of such annuity is at least \$25. Upon termination of employment, a reemployed retirant who has not attained age 65 may request a lump sum refund of





SCHEDULE D – SUMMARY OF BENEFIT AND CONTRIBUTION PROVISIONS

| | |
|-----------------------------|---|
| | his/her own contributions; there is no payment of employer contributions or interest. |
| Benefits Payable Upon Death | <p>If a reemployed retirant dies while employed, a lump sum payment of the monthly annuity, discounted to the present value using the current actuarial assumption rate of interest, will be paid to his/her beneficiary.</p> <p>If a reemployed retirant dies while receiving a monthly annuity, a lump sum payment will be made to a beneficiary in an amount equal to the excess, if any, of the lump sum payment the reemployed retirant would have received at the effective date of retirement over the sum of the annuity payments received by the reemployed retirant to the date of death.</p> |
| Member Contributions | Each reemployed retirant is required to contribute 10% of his/her pay by payroll deductions. |
| Employer Contributions | Employer contributions are expressed as percents of member covered payroll. Employers are required to contribute 14% of payroll. |
| Other Benefits | Reemployed retirants of SERS are not eligible to receive any of the other benefits provided to SERS members. |
| Member Contributions | 10% of salary. |





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

Schedule of Retiree Members Added to and Removed From Rolls Last Six Fiscal Years

| Year Ending June 30: | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| <u>Number of Retiree Members</u> | | | | | | |
| Beginning of Year | 81,332 | 81,024 | 80,851 | 80,721 | 81,151 | 81,833 |
| Added | 3,055 | 2,902 | 3,928 | 3,867 | 3,740 | 3,802 |
| Removed | 3,363 | 3,075 | 4,058 | 3,437 | 3,058 | 3,145 |
| End of Year | 81,024 | 80,851 | 80,721 | 81,151 | 81,833 | 82,490 |
| <u>Annual Retirement Allowances</u> | | | | | | |
| Beginning of Year | \$ 1,211,935,636 | \$ 1,218,955,506 | \$ 1,234,342,326 | \$ 1,254,934,762 | \$ 1,295,438,626 | \$ 1,340,607,264 |
| Added | 56,557,169 | 52,895,232 | 70,415,860 | 67,062,445 | 63,623,157 | 68,298,152 |
| Removed | 49,537,299 | 37,508,412 | 49,823,424 | 26,558,581 | 18,454,519 | 25,156,149 |
| End of Year | \$ 1,218,955,506 | \$ 1,234,342,326 | \$ 1,254,934,762 | \$ 1,295,438,626 | \$ 1,340,607,264 | \$ 1,383,749,267 |
| % Increase (Decrease) | | | | | | |
| In Allowances | 0.58% | 1.26% | 1.67% | 3.23% | 3.49% | 3.22% |
| Average Annual Allowance | | | | | | |
| | \$ 15,044 | \$ 15,267 | \$ 15,547 | \$ 15,963 | \$ 16,382 | \$ 16,775 |





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

Schedule of Retiree Members Receiving a Medicare Part B Reimbursement Added to and Removed from Rolls Last Three Fiscal Years

| Year Ending June 30: | 2022 | 2023 | 2024 |
|--|---------------|--------------|--------------|
| <u>Number of Retiree Members</u> | | | |
| Beginning of Year | 41,360 | 40,591 | 39,790 |
| Added | 2,057 | 1,953 | 2,176 |
| Removed | 2,826 | 2,754 | 2,693 |
| End of Year | 40,591 | 39,790 | 39,273 |
| <u>Annual Retirement Allowances</u> | | | |
| Beginning of Year | \$ 22,582,560 | \$22,162,686 | \$21,725,340 |
| Added | 1,123,122 | 1,066,338 | 1,188,096 |
| Removed | 1,542,996 | 1,503,684 | 1,470,378 |
| End of Year | \$ 22,162,686 | \$21,725,340 | \$21,443,058 |
| % Increase (Decrease) | | | |
| In Allowances | (1.86)% | (1.97)% | (1.30)% |
| Average Annual Allowance | | | |
| | \$ 546 | \$ 546 | \$ 546 |





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

**Annuity and Pension Reserve Fund
Retiree Information as of June 30, 2024
Tabulated by Type of Benefit**

| Amount of Monthly Benefit | | Total | Service | Disability | Survivor |
|---------------------------|--|---------------|---------------|--------------|------------|
| \$ 1 - \$ 250 | | 8,454 | 7,826 | 36 | 592 |
| 251 - 500 | | 10,612 | 9,355 | 334 | 923 |
| 501 - 750 | | 10,460 | 8,976 | 705 | 779 |
| 751 - 1,000 | | 9,643 | 8,018 | 1,015 | 610 |
| 1,001 - 1,500 | | 14,849 | 12,752 | 1,505 | 592 |
| 1,501 - 2,000 | | 9,555 | 8,392 | 935 | 228 |
| Over 2,000 | | <u>18,917</u> | <u>17,403</u> | <u>1,189</u> | <u>325</u> |
| | | 82,490 | 72,722 | 5,719 | 4,049 |

Average Monthly Benefit
Average Age

| | | |
|----------|----------|--------|
| \$ 1,422 | \$ 1,466 | \$ 861 |
| 75.6 | 68.9 | 73.0 |

The 72,722 service retirees shown in the table above are comprised of 67,060 service retirees and 5,662 beneficiaries of deceased retirees. Excluded from the 67,060 service retirees are 949 reemployed retirees who are receiving a pension-only benefit resulting from the annuitization of the contributions accumulated during active membership. Included in the "Disability" numbers in the above table are 1,401 retirees converted to a service retirement.





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

**Annuity and Pension Reserve Fund
Retiree Information as of June 30, 2024
Tabulated by Attained Ages**

| Attained Age | Retirement | | Disability Retirement | | | Total |
|---------------|---------------|-------------------------|-----------------------|-----------------------|---------------|-------------------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Annual Benefits |
| Under 45 | 42 | \$ 283,545 | 45 | \$ 666,786 | 87 | \$ 950,331 |
| 45-49 | 26 | \$ 358,849 | 77 | \$ 1,200,319 | 103 | \$ 1,559,167 |
| 50-54 | 158 | \$ 4,668,149 | 246 | \$ 4,429,939 | 404 | \$ 9,098,087 |
| 55-59 | 807 | \$ 30,534,148 | 532 | \$ 9,392,573 | 1,339 | \$ 39,926,721 |
| 60-64 | 4,711 | \$ 117,581,371 | 1112 | \$ 21,607,621 | 5,823 | \$ 139,188,993 |
| 65-69 | 14,860 | \$ 271,308,004 | 1351 | \$ 25,298,249 | 16,211 | \$ 296,606,253 |
| 70-74 | 16,852 | \$ 291,114,272 | 938 | \$ 17,486,384 | 17,790 | \$ 308,600,657 |
| 75-79 | 13,958 | \$ 231,274,324 | 640 | \$ 10,737,366 | 14,598 | \$ 242,011,691 |
| 80-84 | 10,218 | \$ 153,523,549 | 427 | \$ 6,112,425 | 10,645 | \$ 159,635,974 |
| 85-89 | 6,818 | \$ 93,620,136 | 232 | \$ 2,686,893 | 7,050 | \$ 96,307,029 |
| 90 & Over | 4,272 | \$ 47,055,246 | 119 | \$ 998,417 | 4,391 | \$ 48,053,663 |
| Totals | 72,722 | \$ 1,241,321,595 | 5,719 | \$ 100,616,972 | 78,441 | \$ 1,341,938,567 |

The 72,722 service retirees shown in the table above are comprised of 71,773 unique service retirees, and 949 unique reemployed retirees. The reemployed retirees included in the tabulation above are those who are receiving a pension-only benefit resulting from the annuitization of the contributions accumulated during active membership. Included in the "Disability" numbers in the above table are 1,401 retirees converted to a service retirement. The sum of the annuity payments attributable to these converted disabled retirees is \$17,738,523.





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

**Annuity and Pension Reserve Fund
Survivors of Annuitants Information as of June 30, 2024
Tabulated by Attained Ages**

| Attained Age | Life Annuities | | Periods Certain | | Total | |
|--------------|----------------|-----------------|-----------------|-----------------|--------|-----------------|
| | Number | Annual Benefits | Number | Annual Benefits | Number | Annual Benefits |
| Under 45 | 42 | \$ 283,545 | 0 | \$ - | 42 | \$ 283,545 |
| 45-49 | 23 | \$ 234,702 | 0 | \$ - | 23 | \$ 234,702 |
| 50-54 | 50 | \$ 382,624 | 0 | \$ - | 50 | \$ 382,624 |
| 55-59 | 70 | \$ 890,987 | 0 | \$ - | 70 | \$ 890,987 |
| 60-64 | 178 | \$ 2,569,593 | 2 | \$ 81,180 | 180 | \$ 2,650,773 |
| 65-69 | 404 | \$ 5,743,573 | 1 | \$ 9,641 | 405 | \$ 5,753,214 |
| 70-74 | 749 | \$ 10,619,859 | 6 | \$ 48,292 | 755 | \$ 10,668,151 |
| 75-79 | 1,010 | \$ 12,458,064 | 9 | \$ 105,827 | 1,019 | \$ 12,563,891 |
| 80-84 | 1,187 | \$ 12,668,460 | 4 | \$ 63,962 | 1,191 | \$ 12,732,422 |
| 85-89 | 1,065 | \$ 10,070,658 | 0 | \$ - | 1,065 | \$ 10,070,658 |
| 90 & Over | 862 | \$ 7,145,405 | 0 | \$ - | 862 | \$ 7,145,405 |
| Totals | 5,640 | \$ 63,067,470 | 22 | \$ 308,902 | 5,662 | \$ 63,376,372 |





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

**All Benefit Recipients
Male and Female Demographic Breakdown
June 30, 2024**

| Attained Age | Number of | | Total Number |
|-----------------|---------------|---------------|-----------------|
| | Males | Females | |
| Under 20 | 23 | 29 | 52 |
| 20-24 | 0 | 1 | 1 |
| 25-29 | 1 | 2 | 3 |
| 30-34 | 6 | 15 | 21 |
| 35-39 | 10 | 27 | 37 |
| 40-44 | 30 | 46 | 76 |
| 45-49 | 43 | 96 | 139 |
| 50-54 | 189 | 295 | 484 |
| 55-59 | 576 | 936 | 1,512 |
| 60-64 | 1,794 | 4,424 | 6,218 |
| 65-69 | 4,264 | 12,667 | 16,931 |
| 70-74 | 4,840 | 13,649 | 18,489 |
| 75-79 | 4,116 | 11,194 | 15,310 |
| 80-84 | 2,825 | 8,334 | 11,159 |
| 85-89 | 1,765 | 5,667 | 7,432 |
| 90-94 | 679 | 2,743 | 3,422 |
| 95-99 | 183 | 874 | 1,057 |
| 100 | 8 | 53 | 61 |
| 101 | 4 | 29 | 33 |
| 102 | 2 | 27 | 29 |
| 103 | 0 | 12 | 12 |
| 104 | 2 | 4 | 6 |
| 105 & Over | 2 | 4 | 6 |
| Total | 21,362 | 61,128 | 82,490 |





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

Survivor Benefit Fund
Survivors of Deceased Active Members Information as of June 30, 2024
Tabulated by Attained Ages

| Attained Age | Number | Annual Benefits |
|--------------|--------|-----------------|
| Under 45 | 103 | \$ 1,148,334 |
| 45-49 | 36 | \$ 567,508 |
| 50-54 | 80 | \$ 1,128,467 |
| 55-59 | 173 | \$ 2,308,394 |
| 60-64 | 395 | \$ 4,700,820 |
| 65-69 | 720 | \$ 7,854,417 |
| 70-74 | 699 | \$ 7,146,975 |
| 75-79 | 712 | \$ 7,591,600 |
| 80-84 | 514 | \$ 4,457,683 |
| 85-89 | 382 | \$ 3,298,170 |
| 90 & Over | 235 | \$ 1,608,332 |
| Totals | 4,049 | \$ 41,810,700 |





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

Total Active Members as of June 30, 2024 Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 3,375 | | | | | | | 3,375 |
| Avg Pay | \$12,963 | | | | | | | \$12,963 |
| 20-24 | 11,083 | 106 | | | | | | 11,189 |
| Avg Pay | \$14,781 | \$32,683 | | | | | | \$14,950 |
| 25-29 | 10,390 | 1,097 | 42 | | | | | 11,529 |
| Avg Pay | \$18,530 | \$36,777 | \$49,803 | | | | | \$20,380 |
| 30-34 | 10,081 | 2,231 | 453 | 30 | | | | 12,795 |
| Avg Pay | \$19,739 | \$38,455 | \$49,344 | \$59,547 | | | | \$24,144 |
| 35-39 | 11,104 | 2,893 | 1,016 | 285 | 33 | | | 15,331 |
| Avg Pay | \$19,669 | \$37,103 | \$50,562 | \$56,704 | \$60,641 | | | \$25,783 |
| 40-44 | 11,446 | 4,104 | 1,472 | 712 | 337 | 49 | | 18,120 |
| Avg Pay | \$19,366 | \$35,694 | \$47,356 | \$59,357 | \$64,996 | \$63,973 | | \$27,878 |
| 45-49 | 9,844 | 4,259 | 2,086 | 1,027 | 681 | 293 | 24 | 18,214 |
| Avg Pay | \$18,375 | \$33,712 | \$42,353 | \$52,141 | \$63,463 | \$65,855 | \$68,746 | \$29,128 |
| 50-54 | 8,181 | 4,100 | 2,683 | 1,866 | 1,400 | 761 | 180 | 19,171 |
| Avg Pay | \$19,434 | \$34,032 | \$40,256 | \$46,484 | \$53,404 | \$63,553 | \$65,222 | \$32,765 |
| 55-59 | 6,566 | 3,362 | 2,629 | 2,491 | 2,451 | 1,554 | 478 | 19,531 |
| Avg Pay | \$19,848 | \$34,396 | \$39,122 | \$40,891 | \$45,557 | \$52,170 | \$62,699 | \$34,477 |
| 60-64 | 5,272 | 2,579 | 2,008 | 2,266 | 3,060 | 2,467 | 914 | 18,566 |
| Avg Pay | \$18,663 | \$32,540 | \$38,579 | \$40,535 | \$42,874 | \$46,447 | \$53,964 | \$34,834 |
| 65-69 | 3,729 | 1,464 | 928 | 850 | 1,140 | 1,193 | 757 | 10,061 |
| Avg Pay | \$13,836 | \$28,038 | \$35,142 | \$40,451 | \$43,200 | \$44,351 | \$47,311 | \$29,580 |
| 70 & over | 2,661 | 972 | 468 | 315 | 265 | 263 | 524 | 5,468 |
| Avg Pay | \$11,064 | \$20,222 | \$28,411 | \$31,754 | \$36,307 | \$41,617 | \$43,182 | \$21,139 |
| Totals | 93,732 | 27,167 | 13,785 | 9,842 | 9,367 | 6,580 | 2,877 | 163,350 |
| Avg Pay | \$18,017 | \$34,115 | \$41,212 | \$44,563 | \$47,359 | \$50,198 | \$52,529 | \$27,838 |

Averages:

Age: 46.8

Service: 7.0

Annual Pay: \$27,838





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

Male Active Members as of June 30, 2024 Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 1,759 | | | | | | | 1,759 |
| Avg Pay | \$13,665 | | | | | | | \$13,665 |
| 20-24 | 4,493 | 40 | | | | | | 4,533 |
| Avg Pay | \$14,899 | \$39,015 | | | | | | \$14,315 |
| 25-29 | 4,281 | 491 | 30 | | | | | 4,802 |
| Avg Pay | \$19,033 | \$43,037 | \$55,602 | | | | | \$21,716 |
| 30-34 | 3,394 | 771 | 243 | 20 | | | | 4,428 |
| Avg Pay | \$20,281 | \$45,087 | \$54,718 | \$63,999 | | | | \$26,687 |
| 35-39 | 3,202 | 814 | 429 | 158 | 29 | | | 4,632 |
| Avg Pay | \$20,653 | \$47,454 | \$60,331 | \$60,874 | \$61,444 | | | \$30,665 |
| 40-44 | 3,518 | 914 | 464 | 319 | 186 | 22 | | 5,423 |
| Avg Pay | \$18,895 | \$47,761 | \$61,753 | \$72,333 | \$73,867 | \$81,036 | | \$32,708 |
| 45-49 | 3,530 | 950 | 449 | 289 | 242 | 146 | 14 | 5,620 |
| Avg Pay | \$16,459 | \$41,559 | \$59,187 | \$69,767 | \$79,679 | \$76,119 | \$72,305 | \$31,268 |
| 50-54 | 3,206 | 927 | 539 | 383 | 316 | 258 | 87 | 5,716 |
| Avg Pay | \$17,985 | \$41,658 | \$55,208 | \$68,014 | \$73,637 | \$78,758 | \$72,985 | \$35,344 |
| 55-59 | 2,575 | 939 | 568 | 418 | 372 | 333 | 192 | 5,397 |
| Avg Pay | \$19,711 | \$41,647 | \$50,915 | \$60,302 | \$65,772 | \$73,086 | \$73,940 | \$38,353 |
| 60-64 | 2,069 | 871 | 576 | 474 | 433 | 318 | 213 | 4,954 |
| Avg Pay | \$20,409 | \$37,743 | \$48,442 | \$54,889 | \$62,878 | \$68,714 | \$72,261 | \$39,057 |
| 65-69 | 1,562 | 588 | 350 | 257 | 221 | 155 | 135 | 3,268 |
| Avg Pay | \$15,577 | \$30,582 | \$41,483 | \$48,706 | \$57,755 | \$62,022 | \$63,566 | \$30,694 |
| 70 & over | 1,130 | 470 | 233 | 126 | 66 | 54 | 64 | 2,143 |
| Avg Pay | \$11,901 | \$22,724 | \$32,014 | \$37,621 | \$43,785 | \$52,829 | \$56,934 | \$21,332 |
| Totals | 34,719 | 7,775 | 3,881 | 2,444 | 1,865 | 1,286 | 705 | 52,675 |
| Avg Pay | \$17,870 | \$40,973 | \$52,727 | \$60,829 | \$67,249 | \$71,439 | \$69,752 | \$29,592 |

Averages:

Age: 45.2

Service: 5.5

Annual Pay: \$29,592





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

Female Active Members as of June 30, 2024 Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 1,616 | | | | | | | 1,616 |
| Avg Pay | \$12,200 | | | | | | | \$12,200 |
| 20-24 | 6,590 | 66 | | | | | | 6,656 |
| Avg Pay | \$14,701 | \$27,497 | | | | | | \$14,827 |
| 25-29 | 6,109 | 606 | 12 | | | | | 6,727 |
| Avg Pay | \$18,178 | \$31,705 | \$35,304 | | | | | \$19,427 |
| 30-34 | 6,687 | 1,460 | 210 | 10 | | | | 8,367 |
| Avg Pay | \$19,465 | \$34,953 | \$43,125 | \$50,644 | | | | \$22,798 |
| 35-39 | 7,902 | 2,079 | 587 | 127 | 4 | | | 10,699 |
| Avg Pay | \$19,271 | \$33,050 | \$43,422 | \$51,516 | \$54,816 | | | \$23,669 |
| 40-44 | 7,928 | 3,190 | 1,008 | 393 | 151 | 27 | | 12,697 |
| Avg Pay | \$19,575 | \$32,236 | \$40,730 | \$48,824 | \$54,068 | \$50,069 | | \$25,816 |
| 45-49 | 6,314 | 3,309 | 1,637 | 738 | 439 | 147 | 10 | 12,594 |
| Avg Pay | \$19,447 | \$31,460 | \$37,736 | \$45,239 | \$54,524 | \$55,660 | \$63,762 | \$28,172 |
| 50-54 | 4,975 | 3,173 | 2,144 | 1,483 | 1,084 | 503 | 93 | 13,455 |
| Avg Pay | \$20,367 | \$31,804 | \$36,497 | \$40,923 | \$47,505 | \$55,754 | \$57,961 | \$31,669 |
| 55-59 | 3,991 | 2,423 | 2,061 | 2,073 | 2,079 | 1,221 | 286 | 14,134 |
| Avg Pay | \$19,936 | \$31,586 | \$35,871 | \$36,976 | \$41,940 | \$46,465 | \$55,153 | \$32,997 |
| 60-64 | 3,203 | 1,708 | 1,432 | 1,792 | 2,627 | 2,149 | 701 | 13,612 |
| Avg Pay | \$17,535 | \$29,886 | \$34,612 | \$36,738 | \$39,577 | \$43,152 | \$48,404 | \$33,297 |
| 65-69 | 2,167 | 876 | 578 | 593 | 919 | 1,038 | 622 | 6,793 |
| Avg Pay | \$12,581 | \$26,331 | \$31,302 | \$36,873 | \$39,700 | \$41,712 | \$43,783 | \$29,045 |
| 70 & over | 1,531 | 502 | 235 | 189 | 199 | 209 | 460 | 3,325 |
| Avg Pay | \$10,446 | \$17,879 | \$24,839 | \$27,842 | \$33,827 | \$38,719 | \$41,269 | \$21,015 |
| Totals | 59,013 | 19,392 | 9,904 | 7,398 | 7,502 | 5,294 | 2,172 | 110,675 |
| Avg Pay | \$18,104 | \$31,365 | \$36,700 | \$39,190 | \$42,414 | \$45,039 | \$46,938 | \$27,003 |

Averages:

Age: 47.5

Service: 7.7

Annual Pay: \$27,003





SCHEDULE E – DETAILED TABULATIONS OF THE DATA

Active Members as of June 30, 2024 Tabulated by Annual Pay

| Annual Pay | Number of Active Members | | | Portion of Total Number | |
|-------------------|--------------------------|----------------|----------------|-------------------------|------------|
| | Men | Women | Totals | Group | Cumulative |
| Less than \$1,000 | 1,659 | 2,833 | 4,492 | 2.7% | 2.7% |
| \$1,000 - 1,999 | 2,289 | 2,881 | 5,170 | 3.2% | 5.9% |
| 2,000 - 2,999 | 2,949 | 3,262 | 6,211 | 3.8% | 9.7% |
| 3,000 - 3,999 | 3,320 | 2,893 | 6,213 | 3.8% | 13.5% |
| 4,000 - 4,999 | 2,748 | 2,380 | 5,128 | 3.1% | 16.7% |
| 5,000 - 5,999 | 2,068 | 2,307 | 4,375 | 2.7% | 19.3% |
| 6,000 - 6,999 | 1,718 | 2,220 | 3,938 | 2.4% | 21.7% |
| 7,000 - 7,999 | 1,312 | 2,195 | 3,507 | 2.1% | 23.9% |
| 8,000 - 8,999 | 1,089 | 2,071 | 3,160 | 1.9% | 25.8% |
| 9,000 - 9,999 | 902 | 2,100 | 3,002 | 1.8% | 27.7% |
| 10,000 - 11,999 | 1,509 | 4,049 | 5,558 | 3.4% | 31.1% |
| 12,000 - 13,999 | 1,409 | 4,259 | 5,668 | 3.5% | 34.5% |
| 14,000 - 15,999 | 1,294 | 4,650 | 5,944 | 3.6% | 38.2% |
| 16,000 - 17,999 | 1,293 | 5,126 | 6,419 | 3.9% | 42.1% |
| 18,000 - 19,999 | 1,353 | 5,662 | 7,015 | 4.3% | 46.4% |
| 20,000 - 24,999 | 3,088 | 14,531 | 17,619 | 10.8% | 57.2% |
| 25,000 - 29,999 | 2,763 | 12,368 | 15,131 | 9.3% | 66.5% |
| 30,000 - 35,999 | 2,786 | 9,623 | 12,409 | 7.6% | 74.0% |
| 36,000 - 39,999 | 1,875 | 5,190 | 7,065 | 4.3% | 78.4% |
| 40,000 - 49,999 | 5,068 | 8,869 | 13,937 | 8.5% | 86.9% |
| 50,000 - 59,999 | 3,763 | 5,026 | 8,789 | 5.4% | 92.3% |
| 60,000 and over | 6,420 | 6,180 | 12,600 | 7.7% | 100.0% |
| Totals | 52,675 | 110,675 | 163,350 | | |





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

Regular actuarial valuations measure the System's present financial position and contributions adequacy by calculating and financing the liabilities created by the present benefit program. This process involves discounting to present values the future benefit payments on behalf of present active and Retiree members and their survivors. However, valuations do not produce information regarding the amount of increases or decreases in unfunded actuarial accrued liabilities (UAAL) -- gain/loss analyses do.

The overall gain/loss to the System is the difference between the actual UAAL and the expected UAAL. A gain/loss analysis shows the breakdown of the overall system gain/loss by economic and non-economic risk areas. The economic risk areas are investment return and pay increases. The non-economic risk areas are service retirement, disability retirement, death in active service, termination (vested and non-vested), retiree mortality, and new members. Gains and losses resulting from data adjustments, timing of financial transactions, etc. are included separately as a miscellaneous item.

It is expected that actual experience will not coincide with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common. Changes in actuarial assumptions should be made for risk areas when the differences between actual and expected experience are consistently sizable over a period of years. Differences over a relatively short period of time may or may not be indicative of long-term trends, which are the basis of actuarial assumptions.

The actuarial assumptions used in this analysis were adopted by the Board in April 15, 2021.





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

**School Employees Retirement System of Ohio
Experience Gains and Losses By Risk Area
Comparative Schedule
(\$ Millions)**

| Year Ending June 30 | Gain (Loss) by Risk Area | | | | | | | | | \$ | % of AAL |
|---------------------------|--------------------------|------------|--------------------------------|------------|------------------------|------------|----------------|----------------------|--------------------|---------|----------|
| | Economic | | Non-Economic | | | | | | | | |
| | Pay Increases | Investment | Age & Service Retirement | Disability | Death In Service | Withdrawal | New Members | Retiree Mortality | Other ⁺ | | |
| 2015 | 53.3 | 62.1 | (123.0) | (53.1) | 0.0 | 65.1 | (47.7) | 55.8 | (0.2) | 12.3 | 0.1 |
| 2016 | 70.0 | 50.6 | (140.9) | (50.6) | (28.5) | 30.4 | (44.0) | 113.9 | (0.6) | 0.3 | 0.0 |
| 2017 | (69.2) | (12.0) | (211.8) | (37.7) | (0.6) | 21.9 | (48.1) | 97.3 | (26.8) | (287.0) | (1.5) |
| 2018 | 85.2 | (161.1) | (209.7) | (14.7) | (6.6) | (124.5) | (35.7) | 15.0 | 4.7 | (447.4) | (2.2) |
| 2019 | 20.3 | (44.1) | 7.8 | (9.5) | (4.0) | (106.3) | (22.4) | (24.9) | 78.4 | (104.7) | (0.5) |
| 2020 | 136.2 | 7.1 | (94.0) | (3.1) | (5.4) | (104.2) | (22.2) | 28.9 | 62.3 | 5.6 | 0.0 |
| 2021 | 136.7 | 431.3 | (96.2) | (5.0) | (4.7) | (107.5) | (16.6) | 59.8 | 189.3 | 587.1 | 2.7 |
| 2022 | (212.3) | 268.6 | 0.0 | (6.4) | (7.0) | (43.5) | (52.6) | 82.7 | (25.2) | 4.3 | 0.0 |
| 2023 | (139.7) | 155.7 | (65.1) | (3.2) | (5.4) | (40.1) | (66.3) | 54.5 | 87.7 | (21.9) | (0.1) |
| 2024 | (105.3) | 414.1 | (53.1) | (1.2) | (7.4) | (46.2) | (63.7) | 43.0 | 80.1 | 260.3 | 1.1 |

⁺ Includes effect of changes in data, timing of financial transactions, etc.





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

The market related actuarial value of assets is based on a four-year average of adjusted market value returns. The difference between the actual returns at market value for the year and expected returns is determined. Twenty-five percent (25%) of that difference is added to the expected value along with corresponding amounts from each of the prior three years.

The actuarial value of assets for the basic benefits as of June 30, 2024, was \$18,815,292,621. The value for the previous year was \$17,685,652,177.

| School Employees Retirement System of Ohio Development of Gain (Loss) for Basic Benefits From Investment Return For the Year Ended June 30, 2024 (\$ Millions) | | <u>\$ Millions</u> |
|---|---|--------------------|
| 1. | Actuarial value of assets as of June 30, 2023 | \$ 17,685.7 |
| 2. | Actuarial value of assets as of June 30, 2024 | |
| | a. Actual | 18,815.3 |
| | b. | 18,401.2 |
| | If 7.00% assumed investment return were achieved for all phased-in years recognized in the asset method | |
| 3. | Gain (Loss): 2a minus 2b | <u>\$ 414.1</u> |





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

Pay Increases During the FY2024 Valuation Year
To Members Active at Beginning and End of Year

| Central Age Group Beginning of Year | Number | Pay Increases | |
|-------------------------------------|---------|---------------|----------|
| | | Actual | Expected |
| Under 25 | 9,215 | (13.22)% | 11.18% |
| 25 | 7,828 | (0.72) | 8.15 |
| 30 | 9,475 | 4.32 | 7.04 |
| 35 | 11,959 | 4.34 | 6.36 |
| 40 | 14,878 | 5.08 | 5.68 |
| 45 | 15,117 | 4.16 | 5.2 |
| 50 | 17,329 | 4.69 | 4.69 |
| 55 | 17,859 | 4.24 | 4.32 |
| 60 | 15,138 | 3.69 | 4.15 |
| 65 & Over | 10,035 | 2.34 | 4.57 |
| Total | 128,833 | 3.29 | 5.44 |





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

Members Who Became Age and Service Retirees During the FY2024 Valuation Year (Retirement With Allowance Beginning Immediately)

| Attained Age | Years of Service to Valuation Date | | | | | | | Total |
|---------------|------------------------------------|----------|------------|------------|------------|------------|------------|--------------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 plus | |
| Under 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 51 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| 52 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| 53 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| 54 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 |
| 55 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| 56 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 8 |
| 57 | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 |
| 58 | 0 | 0 | 0 | 0 | 0 | 0 | 53 | 53 |
| 59 | 0 | 0 | 0 | 0 | 0 | 1 | 44 | 45 |
| 60 | 0 | 0 | 0 | 0 | 0 | 78 | 45 | 123 |
| 61 | 0 | 0 | 0 | 0 | 0 | 53 | 40 | 93 |
| 62 | 0 | 0 | 48 | 50 | 93 | 63 | 55 | 309 |
| 63 | 0 | 0 | 18 | 37 | 41 | 57 | 65 | 218 |
| 64 | 0 | 0 | 27 | 30 | 48 | 64 | 71 | 240 |
| 65 | 0 | 0 | 49 | 81 | 154 | 157 | 97 | 538 |
| 66 | 0 | 0 | 35 | 28 | 49 | 60 | 62 | 234 |
| 67 | 0 | 1 | 63 | 55 | 72 | 87 | 56 | 334 |
| 68 | 0 | 0 | 18 | 15 | 27 | 30 | 41 | 131 |
| 69 | 0 | 0 | 17 | 9 | 18 | 20 | 30 | 94 |
| 70 & Over | 0 | 0 | 77 | 59 | 63 | 57 | 121 | 377 |
| Totals | 0 | 1 | 352 | 364 | 565 | 727 | 843 | 2,852 |

| | Years of Service to Valuation Date | | | | | | | Total |
|----------------------|------------------------------------|--------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 0-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25-29 | 30 plus | |
| Avg. Monthly Benefit | \$ 0 | \$ 160 | \$ 575 | \$ 863 | \$ 1,179 | \$ 1,599 | \$ 2,815 | \$ 1,654 |
| Avg. FAS | \$ 0 | \$ 0 | \$ 33,785 | \$ 35,504 | \$ 37,130 | \$ 39,719 | \$ 49,220 | \$ 40,730 |
| Number of Retirees | 0 | 1 | 352 | 364 | 565 | 727 | 843 | 2,852 |

Average Age: 65.4
Average Service: 24.8





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

Members Who Died in the FY2024 Valuation Year With a Death-in-Service Allowance Payable

| Central Age Group Beginning of Year | Number |
|-------------------------------------|--------|
| Under 25 | 0 |
| 25 | 0 |
| 30 | 0 |
| 35 | 1 |
| 40 | 3 |
| 45 | 4 |
| 50 | 6 |
| 55 | 7 |
| 60 | 5 |
| 65 | 12 |
| 70 & Over | 12 |
| Total | 50 |

Average Age: 59.3
Average Service: 17.9





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

Members Who Died in the FY2024 Valuation Year and Received a Refund of Contributions

| Central Age Group Beginning of Year | Number |
|-------------------------------------|--------|
| Under 25 | 0 |
| 25 | 0 |
| 30 | 0 |
| 35 | 1 |
| 40 | 2 |
| 45 | 1 |
| 50 | 3 |
| 55 | 2 |
| 60 | 1 |
| 65 | 3 |
| 70 & Over | 2 |
| Total | 15 |

Average Age: 54.5
Average Service: 5.5





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

Members Who Became Disability Retirees During the FY2024 Valuation Year

| Central Age Group Beginning of Year | Number |
|-------------------------------------|--------|
| Under 25 | 0 |
| 25 | 0 |
| 30 | 1 |
| 35 | 1 |
| 40 | 4 |
| 45 | 13 |
| 50 | 24 |
| 55 | 51 |
| 60 | 72 |
| 65 | 34 |
| 70 & Over | 5 |
| Total | 205 |

Average Age: 57.1
Average Service: 17.0
Average FAS: \$36,011





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

**Members Who Received a Refund of Contributions
or Became Inactive Without a Refund in
the FY2024 Valuation Year
(Non-vested Terminations)**

| Central Age Group Beginning of Year | Number |
|-------------------------------------|--------|
| Under 25 | 2,202 |
| 25 | 3,890 |
| 30 | 2,808 |
| 35 | 2,422 |
| 40 | 2,300 |
| 45 | 2,222 |
| 50 | 1,882 |
| 55 | 1,604 |
| 60 | 1,128 |
| 65 | 789 |
| 70 & Over | 680 |
| Total | 21,927 |

Average Age: 38.9
Average Service: 1.3





SCHEDULE F – GAIN/LOSS ANALYSIS DETAILS

**Members Who Became Inactive
in the FY2024 Valuation Year
with a Deferred Allowance
(Vested Terminations)**

| Central Age Group Beginning of Year | Number |
|-------------------------------------|------------|
| Under 25 | 0 |
| 25 | 0 |
| 30 | 1 |
| 35 | 28 |
| 40 | 65 |
| 45 | 95 |
| 50 | 145 |
| 55 | 227 |
| 60 | 251 |
| 65 | 89 |
| 70 & Over | 29 |
| Total | 930 |

Average Age: 54.5
Average Service: 15.8





SCHEDULE G – GLOSSARY

Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability".

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Equivalent. A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost". Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.





SCHEDULE G – GLOSSARY

Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability".

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.





APPENDIX A – ACTUARIAL ACCRUED LIABILITIES

AS OF JUNE 30, 2024

| Present Value of: | Pension Benefits | Medicare Part B | Post-Retirement Death Benefit | Total Basic Benefits |
|---|-------------------------|----------------------|-------------------------------|-------------------------|
| Future benefits to present retirees and survivors | \$13,700,032,722 | \$200,476,726 | \$32,710,639 | \$13,933,220,087 |
| Benefits and refunds to present inactive members | 858,409,994 | 23,905,649 | 1,261,371 | 883,577,014 |
| Allowances to present active members | | | | |
| Service | 8,166,940,511 | 140,345,151 | 7,823,320 | 8,315,108,982 |
| Disability | 305,415,521 | 5,253,611 | 337,907 | 311,007,039 |
| Survivor benefits | 187,722,285 | 2,923,052 | 0 | 190,645,337 |
| Withdrawal | <u>177,085,408</u> | <u>9,047,776</u> | <u>425,327</u> | <u>186,558,511</u> |
| Total Active AAL | 8,837,163,725 | 157,569,590 | 8,586,554 | 9,003,319,869 |
| Total AAL | <u>\$23,395,606,441</u> | <u>\$381,951,965</u> | <u>\$42,558,564</u> | <u>\$23,820,116,970</u> |





APPENDIX B – BREAKDOWN OF TOTAL AND ACCRUED LIABILITIES

AS OF JUNE 30, 2024

| | Total Liability | Accrued Liability |
|--------------------------------------|--------------------|-----------------------|
| Active Members | | |
| Retirement | \$11,018,800,440 | \$8,166,940,511 |
| Death | 310,687,677 | 187,722,285 |
| Disability | 657,321,891 | 305,415,521 |
| Termination | 982,920,979 | 177,085,408 |
| Medicare Part B | 243,316,038 | 157,569,590 |
| Death after Retirement | <u>13,424,134</u> | <u>8,586,554</u> |
| Total | \$13,226,471,159 | \$9,003,319,869 |
| Retirees | | |
| Retirement/Survivor/Disability | \$13,700,032,722 | \$13,700,032,722 |
| Medicare Part B | 200,476,726 | 200,476,726 |
| Death after Retirement | <u>32,710,639</u> | <u>32,710,639</u> |
| Total | \$13,933,220,087 | \$13,933,220,087 |
| Deferred Vested Members | 453,877,637 | 453,877,637 |
| Inactive Members | <u>429,699,377</u> | <u>429,699,377</u> |
| Total Actuarial Values | \$28,043,268,260 | \$23,820,116,970 |
| Actuarial Value of Assets | | <u>18,815,292,621</u> |
| Unfunded Actuarial Accrued Liability | | \$5,004,824,349 |





APPENDIX C – COMPARATIVE SCHEDULE

| Valuation Date June 30 | Active Members | | | | Retired Lives | | | | Accrued Liability | Valuation Assets \$ Millions | UAAL |
|---------------------------|----------------|------------------------|----------------|------------|---------------|------------------|-----------------|--------------|-------------------|---------------------------------|-------|
| | Number | Payroll \$ Millions | Average Salary | | Number | | Annual Benefits | | | | |
| | | | \$ | % Increase | Retired | Active / Retired | \$ Millions | % of Payroll | | | |
| | | | | | | | | | | | |
| 2015 | 122,855 | 2,845 | 23,161 | 1.8 | 74,372 | 1.7 | 1,020.4 | 35.9 | 18,503 | 12,602 | 5,902 |
| 2016 | 124,540 | 2,932 | 23,545 | 1.7 | 76,280 | 1.6 | 1,083.6 | 37.0 | 19,771 | 13,180 | 6,591 |
| 2017 | 157,981 | 3,303 | 20,906 | (11.2) | 79,157 | 2.0 | 1,162.0 | 35.2 | 19,588 | 13,713 | 5,875 |
| 2018 | 158,343 | 3,332 | 21,045 | 0.7 | 81,332 | 1.9 | 1,211.9 | 36.4 | 19,998 | 14,012 | 5,986 |
| 2019 | 159,363 | 3,463 | 21,727 | 3.2 | 81,024 | 2.0 | 1,219.0 | 35.2 | 20,527 | 14,473 | 6,054 |
| 2020 | 156,579 | 3,478 | 22,210 | 2.2 | 80,851 | 1.9 | 1,234.3 | 35.5 | 21,034 | 15,037 | 5,997 |
| 2021 | 146,646 | 3,622 | 24,700 | 11.2 | 80,721 | 1.8 | 1,254.9 | 34.6 | 21,530 | 16,032 | 5,498 |
| 2022 | 155,063 | 3,995 | 25,762 | 4.3 | 81,151 | 1.9 | 1,295.4 | 32.4 | 22,371 | 16,887 | 5,484 |
| 2023 | 159,873 | 4,299 | 26,888 | 4.4 | 81,833 | 2.0 | 1,340.6 | 31.2 | 23,084 | 17,686 | 5,399 |
| 2024 | 163,350 | 4,547 | 27,838 | 3.5 | 82,490 | 2.0 | 1,383.7 | 30.4 | 23,820 | 18,815 | 5,005 |



SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO



Report on the Retiree Health Care Valuation

Prepared as of June 30, 2024



November 7, 2024

Board of Trustees
School Employees Retirement System of Ohio
300 East Broad Street, Suite 100
Columbus, OH 43215-3746

Dear Members of the Board:

We have submitted the results of the annual actuarial valuation of the Retiree Health Care Fund of the School Employees Retirement System of Ohio (SERS) prepared as of June 30, 2024. While not verifying the data at the source, the actuary performed tests for consistency and reasonability. The valuation indicates that an actuarially determined contribution of 2.00% of active payroll payable for the fiscal year ending June 30, 2024 is required to fund the benefits.

Separate reports will be prepared to provide accounting information under Governmental Accounting Standards Board Statements No. 74 and 75, when applicable.

The medical and drug benefits of the Plan are included in the actuarially calculated contribution rates which are developed using the entry age normal cost method with the normal cost rate determined as a level percentage of payroll. GASB requires the discount rate used to value a plan be based on the likely return of the assets held in trust to pay benefits. The discount rate used in this valuation is 7.00%. Gains and losses are reflected in the unfunded accrued liability that is amortized by regular annual contributions as a level percentage of payroll within a 30-year period, on the assumption that payroll will increase by 1.75% annually. The assumptions recommended by the actuary are, in the aggregate, reasonably related to the experience under the Plan and to reasonable expectations of anticipated experience under the Plan.

The impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) were addressed in this valuation. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claims costs, and the anticipation of potential changes to Medicare due to the IRA, which are included in our trend assumption. Continued monitoring of the impact on the Plan's liability due to this and other legislation, if applicable, will be required.

In order to prepare the results in this report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.



The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.

To the best of our knowledge, this report is complete and accurate. The valuation was performed by, and under the supervision of, independent actuaries who are members of the American Academy of Actuaries with experience in performing valuations for public retirement systems. The undersigned are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

The valuation was prepared in accordance with the principles of practice prescribed by the Actuarial Standards Board.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The actuarial calculations were performed by qualified actuaries according to generally accepted actuarial procedures and methods. The calculations are based on the current provisions of the system, and on actuarial assumptions that are, in the aggregate, internally consistent and reasonably based on the actual experience of the system.

Respectfully submitted,

Alisa Bennett, FSA, FCA, EA, MAAA
President

Jessica Fain, EA, MAAA
Associate Actuary

AB/JF:jf

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EXECUTIVE SUMMARY



REPORT ON THE ANNUAL RETIREE HEALTH CARE VALUATION OF THE SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

PREPARED AS OF JUNE 30, 2024

The School Employees Retirement System of Ohio (SERS or System) is a defined benefit public pension fund that provides pensions and access to health care coverage for retired school employees who are covered in nonteaching positions. This includes bus drivers, custodians, treasurers, business officials, administrative assistants, food service providers, and educational aides. This report presents the results of the June 30, 2024, actuarial funding valuation of the Retiree Health Care Fund. The primary purposes of performing the actuarial funding valuation are to:

- determine the sufficiency of the Statutory Contribution Rate as set forth in the Ohio statutes;
- determine the experience of the Fund since the last valuation date;
- disclose asset and liability measures as of the valuation date;
- analyze and report on trends in Fund contributions, assets, and liabilities over the past several years; and
- project expected solvency of the Fund based on current and future estimations of health care costs, contributions and investment income.

The actuarial valuation results provide a “snapshot” view of the Fund’s financial condition on June 30, 2024. Actuarial gains and losses result when the actual experience of the plan (such as asset return, health care costs, premium increases, turnover, deaths, etc.) is different from that expected by the actuarial assumptions. The Fund’s unfunded actuarial accrued liability (UAAL) was expected to be \$822.1 million as of June 30, 2024, taking into account expected contributions from the employers of \$120.5 million. The actual UAAL is \$509.2 million. The net gain of \$312.9 million is mainly attributable to lower expected Medicare costs for 2025. However, since there is uncertainty around future Medicare costs due to the Inflation Reduction Act (IRA) and Federal reimbursements, we have included a Risk Section in this Executive Summary to illustrate the Fund’s sensitivity to these uncertainties.

The amortization period of the UAAL is 30 years as of June 30, 2024. The valuation is based on a set of actuarial assumptions which were adopted by the Board based on the five-year experience study for the period ending June 30, 2020. These assumptions are presented in Schedule B.

A summary of the key results from the June 30, 2024 actuarial valuation is shown below. Further detail on the valuation results can be found in the following sections of this Executive Summary.

| | June 30, 2024 Valuation Results | June 30, 2023 Valuation Results |
|--|------------------------------------|------------------------------------|
| Actuarially Determined Contribution Rate | 2.00% | 2.65% |
| Amortization Period | 30 | 30 |
| Unfunded Actuarial Accrued Liability (\$M) | \$509.2 | \$824.9 |
| Funded Ratio (Market Assets) | 61.59% | 46.14% |

The funding policy requires at least 13.50% of the employers’ 14.00% contributions be allocated to SERS’ basic benefits when the funded ratio is 70% but less than 80%, with the remainder (if any) allocated to health care. Based on a Board Resolution dated September 19, 2024, the valuation allocates the entire 14.00% to the basic benefits and 0.00% allocated to health care consistent with SERS’ funding policy.



EXECUTIVE SUMMARY



EXPERIENCE FOR THE LAST PLAN YEAR

Numerous factors contributed to the change in the Fund's assets, liabilities, and actuarial contribution rate between June 30, 2023 and June 30, 2024. The components are examined in the following discussion. Since the most recent experience study was completed, we note that price inflation has been significantly higher than assumed. Inflation is a component of several assumptions so the effects of higher inflation as a component of one assumption may be partially offset by the effect of higher inflation in another. We do not want to give too much credibility to recent experience, but we cannot ignore that current rates of inflation are the highest in the past 40 years. We will continue to monitor inflation in subsequent valuations to assess the reasonableness of the assumed inflation used in the valuation. We have, however, increased the health care trend assumption for the next few years starting at 7% while continuing to step down to an ultimate health care trend assumption of 4.40% which is 2% higher than our price inflation assumption. The increase in trend is due to continuing high expectations for prescription drug costs and utilization, particularly for specialty drugs.

ASSETS

As of June 30, 2024, SERS' Health Care Fund had net assets of \$816,468,867, when measured on a market value basis. This was an increase of \$109,683,306 from the previous year. The components of change in the asset values for June 30, 2023 and June 30, 2024 are shown in the following table.

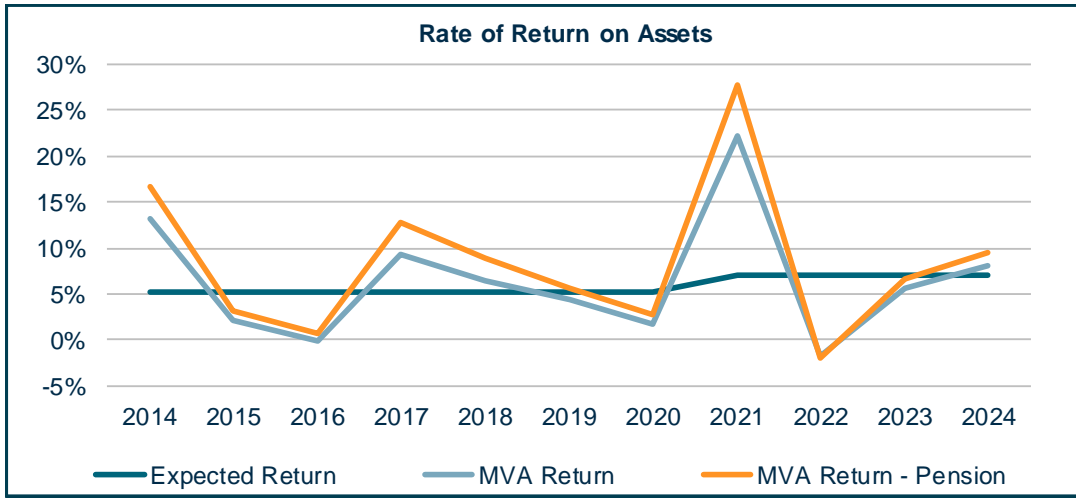
| | June 30, 2024 | | June 30, 2023 | |
|---------------------------------|-------------------|-------------|-------------------|-------------|
| | Valuation Results | | Valuation Results | |
| Net Assets, June 30, 2023 | \$ | 706,785,561 | \$ | 611,574,409 |
| Contributions and Misc. Revenue | + | 176,474,542 | | 191,843,471 |
| Total Health Care Expenses | - | 125,535,350 | | 132,077,807 |
| Investment Gain (Loss) | + | 58,744,114 | | 35,445,488 |
| Net Assets, June 30, 2024 | \$ | 816,468,867 | \$ | 706,785,561 |



EXECUTIVE SUMMARY



The estimated investment return on the market value of assets for FY2024 was 8.02%. As this rate of return was greater than the assumed rate of 7.00%, there was an actuarial investment experience gain of \$2.3 million. The chart below shows the actual return on the market value of assets of the Health Care Fund compared with expected return and with the market value return of the pension fund. As can be seen, the actual market return of the Health Care Fund has been less than the market value return of the pension fund. Therefore, in the Risk Section of this Executive Summary, we show the solvency of the Fund under the alternate scenario of earning investment return of 6% instead of 7%.



LIABILITIES

The actuarial accrued liability is the portion of the present value of future benefits allocated to service performed up to the valuation date. The difference between this liability and the market value of assets is called the unfunded actuarial accrued liability (UAAL). The dollar amount of unfunded actuarial accrued liability is reduced if the contributions to the Fund exceed the normal cost for the year, plus interest on the prior year's UAAL.

The unfunded actuarial accrued liability is shown as of June 30, 2023 and June 30, 2024 in the following table:

| | June 30, 2024 Valuation Results | June 30, 2023 Valuation Results |
|--------------------------------------|------------------------------------|------------------------------------|
| Actuarial Accrued Liability | \$ 1,325,702,000 | \$ 1,531,676,376 |
| Market Value of Assets | 816,468,867 | 706,785,561 |
| Unfunded Actuarial Accrued Liability | \$ 509,233,133 | \$ 824,890,815 |
| Funded Ratio | 61.59% | 46.14% |



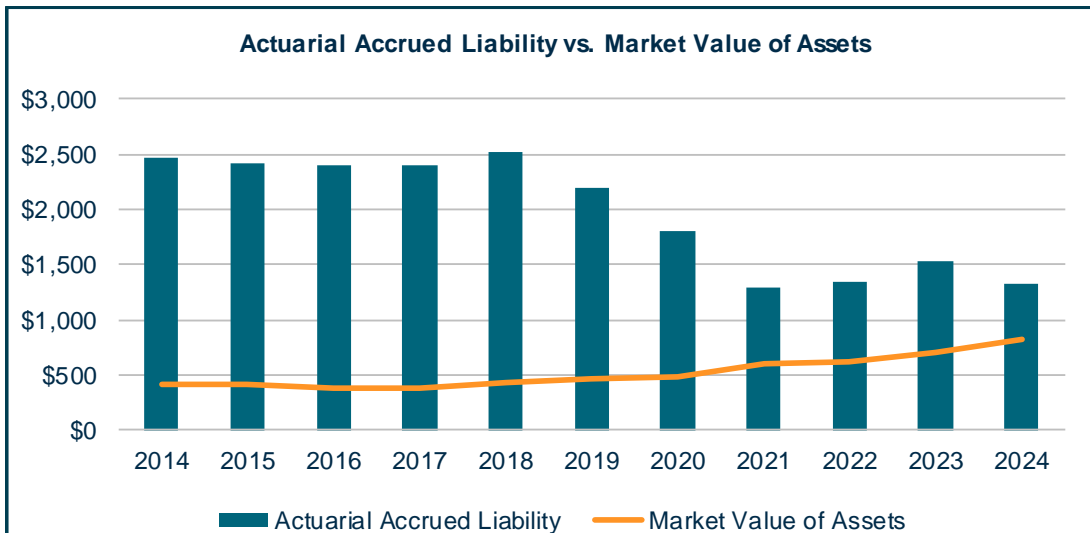
EXECUTIVE SUMMARY



Changes in the UAAL occur for various reasons. The net decrease in the UAAL from June 30, 2023, to June 30, 2024, was \$315.7 million. The components of this net change are shown in the table below:

| Changes in the Unfunded Actuarial Accrued Liability (\$ Millions) | |
|--|-------------------|
| Unfunded Actuarial Accrued Liability, June 30, 2023 | \$ 824.9 |
| Expected change | (2.8) |
| Investment and contribution experience | (2.3) |
| Claims and retiree premiums experience | (318.7) |
| Liability experience | (45.5) |
| Assumption changes (health care trend) | 53.6 |
| Total | \$ (315.7) |
| Unfunded Actuarial Accrued Liability, June 30, 2024 | \$ 509.2 |

As shown above, various components impacted the UAAL. Actuarial gains (losses) result from actual experience that is more (less) favorable than anticipated based on the actuarial assumptions. The amounts are measured as the difference between the expected unfunded actuarial accrued liability and the actual unfunded actuarial accrued liability net of any impact due to changes in actuarial assumptions and methods or benefit provisions. Overall, the Fund experienced a net decrease to the UAAL of \$315.7 million. The net UAAL decrease was partially due to payroll increases higher than expected, leading to higher future year contributions due to the 1.50% surcharge, and assets higher than expected. In addition, expected 2025 per member per month (PMPM) costs for the stand alone Medicare Part D prescription drug plan is less than expected in spite of the plan changes due to the Inflation Reduction Act, including the \$2,000 out of pocket maximum, because of increased Federal reimbursements and the additional \$15 PMPM premium stabilization contribution.



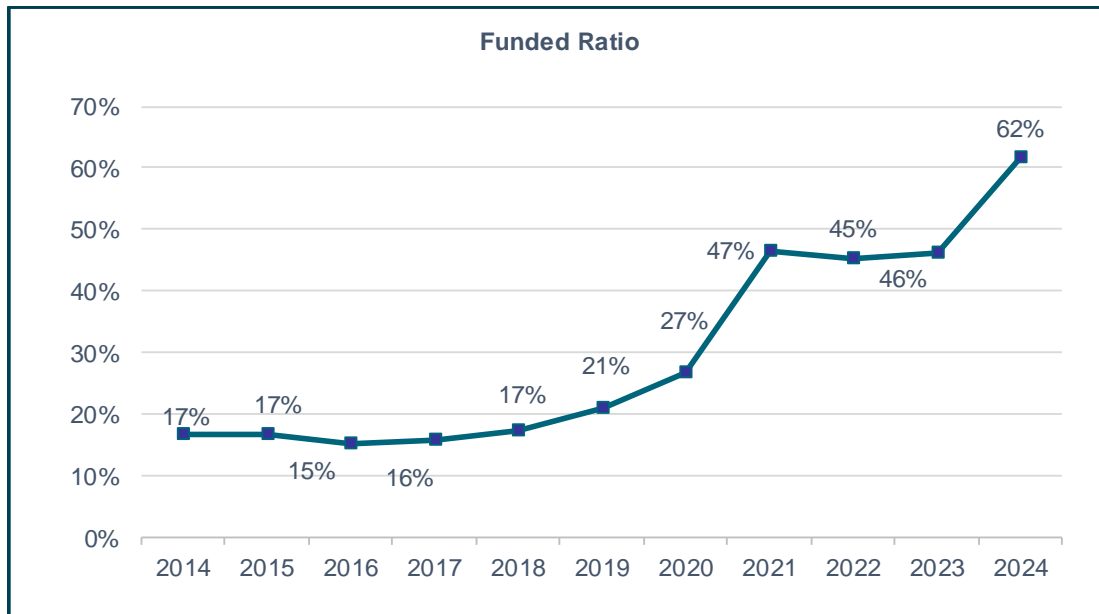


EXECUTIVE SUMMARY

Since June 30, 2014, the actuarial accrued liability has been higher than the market value of assets. Employer contributions less than the actuarially determined amount was the primary source of the difference between the actuarial accrued liability and market assets while the decrease in Medicare costs have been the primary reason for the decrease in actuarial liability since 2014. In addition, the decrease in actual accrued liability starting in 2021 is due to the increase in the discount rate from 5.25% to 7.00% based on the experience study. An evaluation of the unfunded actuarial accrued liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial accrued liability and the progress made in its funding is to track the funded ratio, the ratio of the market value of assets to the actuarial accrued liability.

| | 6/30/2020 | 6/30/2021 | 6/30/2022 | 6/30/2023 | 6/30/2024 |
|--|------------|-----------|-----------|-----------|-----------|
| Funded Ratio | 26.86% | 46.56% | 45.36% | 46.14% | 61.59% |
| Unfunded Actuarial Accrued Liability (\$M) | \$ 1,313.9 | \$ 689.1 | \$ 736.7 | \$ 824.9 | \$ 509.2 |

The longer-term historical funded ratio information is shown in the chart below.



EXECUTIVE SUMMARY



ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION RATE

Under the Entry Age Normal cost method, the actuarial contribution rate consists of two components:

- a "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date which is funded by employer contributions, and
- an "unfunded actuarial accrued liability contribution" for the excess of the portion of projected liabilities allocated to service-to-date over the market value of assets.

See Section VI of the report for the detailed development of these contribution rates which are summarized in the following table:

| Contribution Rates | June 30, 2024 | June 30, 2023 |
|--|---------------|---------------|
| 1. Normal Cost Rate | 1.27% | 1.40% |
| 2. UAAL Contribution Rate | 0.73% | 1.25% |
| 3. Total Actuarial Determined Contribution Rate (1) + (2) | 2.00% | 2.65% |
| 4. Funded Ratio | 61.59% | 46.14% |

Contributions are developed with the intent of being level as a percentage of covered payroll, assuming the number of active members remains stable. However, the funding policy is developed to accumulate sufficient assets in the pension fund to make all future benefit payments as they become due, if all assumptions are met. The funding policy requires at least 13.50% of the employers' contributions be allocated to SERS' basic benefits when the funded ratio is 70% but less than 80%, with the remainder (if any) allocated to the Health Care Fund. However, based on a Board Resolution in September, the entire 14.00% employer contribution will be allocated to SERS' basic benefits, therefore setting the health contribution rate at 0.00%, plus a health care surcharge of 1.50%.



EXECUTIVE SUMMARY



RISK ANALYSIS

Sensitivity Measures

Valuations are generally performed with a single set of assumptions that reflects the best estimate of future conditions, in the opinion of the actuary and typically the governing board. Note that under actuarial standards of practice, the set of economic assumptions used for funding must be consistent. To enhance the understanding of the importance of an assumption, a sensitivity test can be performed where the valuation results are recalculated using a different assumption or set of assumptions.

The following table contains the key measures for the Fund using the current health care trend rates and premium contribution increase rates disclosed in Schedule B, along with the results if the rates were 1% higher. As mentioned earlier in this section, due to considerations like specialty drugs, emerging treatments, GLP-1s and changes to health care law and Medicare reimbursements, there exists a possibility for health care cost to increase more than expected. In this analysis, only the trends on health care and premium contribution rates are changed.

| | Current Valuation | +1% Health Care Trends |
|--|-------------------|------------------------|
| Actuarial Accrued Liability | \$ 1,325,702,000 | \$ 1,588,704,491 |
| Unfunded Actuarial Accrued Liability | 509,233,133 | 772,235,624 |
| Funded Ratio | 61.59% | 51.39% |
| Actuarially Determined Contribution Rate | 2.00% | 2.89% |

The following table shows the sensitivity to the Medicare Advantage rate negotiations and Federal reimbursements. Under current law, due to the Inflation Reduction Act, the Medicare Part D plan design will undergo significant changes in 2025, including a \$2,000 out of pocket maximum on retiree costs. In order to stabilize premiums, health plans will receive increased Direct Subsidy payments from CMS including a \$15 per member per month premium stabilization contribution for stand-alone Prescription Drug Plans. Since the \$15 payment is temporary, the Medicare Cost Sensitivity values show the liability if this additional payment did not exist.

| | Current Valuation | Medicare Cost Sensitivity |
|--|-------------------|---------------------------|
| Actuarial Accrued Liability | \$ 1,325,702,000 | \$ 1,491,544,367 |
| Unfunded Actuarial Accrued Liability | 509,233,133 | 675,075,500 |
| Funded Ratio | 61.59% | 54.74% |
| Actuarially Determined Contribution Rate | 2.00% | 2.37% |



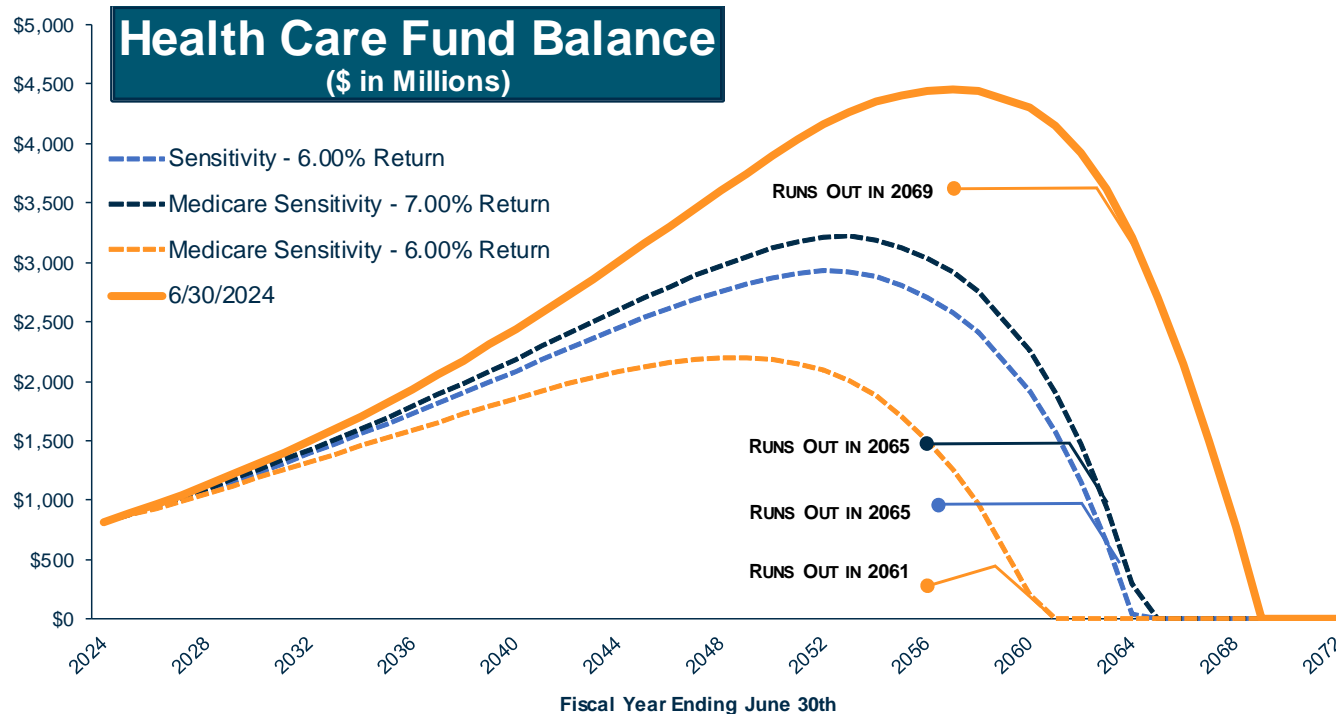


EXECUTIVE SUMMARY

Solvency Sensitivities with Projected New Hires Included

The chart on page 23 shows the projected Health Care Fund Balances from the five most recent valuations. The prior year projections were based on the funding policy and assumptions in effect on the prior year valuation dates and include no new hires in the benefit payment projections. Since the current year projection indicates solvency for a longer period, we included projected benefit payments for potential new hires in addition to a 7.00% future asset rate of return assumption, a payroll growth assumption of 1.75% per year, and the assumption that the health contribution rate will be 0.00%, plus a health care surcharge of 1.50%. These projections assume there will be no health care cost increases due to IRA and ACA law changes or reimbursements and/or COVID-19 impact other than current baseline costs and anticipated health care trend.

The chart below shows the current year solvency based on the current year assumptions and methods detailed above, along with sensitivity solvency estimates assuming: 1) a 6.00% future asset rate of return assumption, 2) an immediate \$15 per month increase in Medicare costs with a 7.00% future asset rate of return assumption, and 3) an immediate \$15 per month increase in Medicare costs with a 6.00% future asset rate of return assumption.



SECTION I – SUMMARY OF PRINCIPAL RESULTS



REPORT ON THE ANNUAL VALUATION OF THE SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO PREPARED AS OF JUNE 30, 2024

1. This report, prepared as of June 30, 2024, presents the results of the annual actuarial valuation of retiree health care offered to SERS members. For convenience of reference, the principal results of the valuation and a comparison with the preceding valuation results are summarized in the following table.

| | June 30, 2024 | June 30, 2023 |
|---|-----------------|-----------------|
| Active members included in valuation | | |
| Number | 163,350 | 159,873 |
| Annual Compensation | \$4,547,315,949 | \$4,298,689,195 |
| Service Retirees* | | |
| Number | 29,735 | 29,915 |
| Disability Retirees* | | |
| Number** | 2,575 | 2,735 |
| Spouses of Retirees | | |
| Number | 4,851 | 4,852 |
| Spouses of Deceased Retirees | | |
| Number | 1,322 | 1,390 |
| Survivor Benefit Recipients | | |
| Number | 489 | 532 |
| Non-Spouse Dependents | | |
| Number | 220 | 232 |
| Deferred Vested | | |
| Number | 6,607 | 6,413 |
| Assets | | |
| Market Value | \$816,468,867 | \$706,785,561 |
| Unfunded Accrued Liability | \$509,233,133 | \$824,890,815 |
| Actuarial Accrued Liability | \$1,325,702,000 | \$1,531,676,376 |
| Funded Ratio (MVA/AAL) | 61.59% | 46.14% |
| Employer Contribution Rate | | |
| Normal | 1.27% | 1.40% |
| Accrued Liability | <u>0.73%</u> | <u>1.25%</u> |
| Total | 2.00% | 2.65% |
| Employer Contribution Toward Health Care*** | 1.50% | 1.50% |
| Accrued liability amortization period | 30 | 30 |

* In addition and not included in the counts above, there are 3,119 pre-Medicare eligible service retirees and 1,429 pre-Medicare eligible disabled retirees who are waiving coverage. It is assumed that 15% will elect coverage upon reaching Medicare eligibility.

** Of the 2,575 Disabled Retirees listed above, 509 converted to a Service Pension Benefit.

*** Includes 1.50% of payroll surcharge





SECTION I – SUMMARY OF PRINCIPAL RESULTS

2. The funding policy requires at least 13.50% of the employers' contributions be allocated to SERS' basic benefits when the funded ratio is 70% but less than 80%, with the remainder (if any) allocated to the Health Care Fund. However, based on a Board Resolution in September, the entire 14.00% employer contribution will be allocated to SERS' basic benefits, therefore setting the health contribution rate at 0.00%, plus a health care surcharge of 1.50%. This rate includes the anticipated revenue from the minimum surcharge level for FY2025 of \$33,000.
3. The valuation balance sheet showing the results of the valuation is given in Schedule A.
4. Comments on the valuation results are given in Section IV, comments on the experience and actuarial gains and losses during the valuation year are given in Section V, and the rates of contribution payable by the employer are given in Section VI. Since the previous valuation, there were no changes to the plan provisions, however changes were made to the assumed initial per capital health care costs and future cost increases. See Schedule B for more details on assumptions and methods used.
5. The impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Given the uncertainty regarding COVID-19 (e.g., the impact of routine care being deferred, direct COVID-19 treatment and prevention costs, changes in contribution and budget projections), continued monitoring of the impact on the Plan's liability will be required.
6. Since the most recent experience study was completed, we note that price inflation has been significantly higher than assumed. Inflation is a component of several assumptions so the effects of higher inflation as a component of one assumption may be partially offset by the effect of higher inflation in another. We do not want to give too much credibility to recent experience, but we cannot ignore that current rates of inflation are the highest in the past 40 years. We will continue to monitor inflation in subsequent valuations to assess the reasonableness of the assumed inflation used in the valuation. We have, however, increased the health care trend assumption for the next few years starting at 7% while continuing to step down to an ultimate health care trend assumption of 4.40% which is 2% higher than our price inflation assumption. The increase in trend is due to continuing high expectations for prescription drug costs and utilization, particularly for specialty drugs.
7. The following changes were reflected in this valuation:

Medicare Eligible

Premiums

Premiums are remaining the same in 2025 for enrollees in the Aetna Medicare PPO Plan.

Benefits

The in-network primary care office visit co-pay is decreasing to \$0 from \$10.

Pharmacy Network

The Part D Express Scripts plan will have a \$2,000 annual out-of-pocket maximum in 2025.



SECTION I – SUMMARY OF PRINCIPAL RESULTS



Non-Medicare Eligible

Premiums

There will be a 7% premium increase in 2025 for enrollees in the Aetna Choice POS II Plan.

There will be a 3% premium increase in 2025 for enrollees in the AultCare PPO Plan.

Benefits

Aetna Choice POS II and AultCare PPO ambulance benefit is changing to a \$150 co-pay from 20% coinsurance.

There are no pharmacy changes. However, a few prescription drugs may change to non-preferred.

SERS Wraparound HRA

The Health Reimbursement Arrangement (HRA) limit is increasing to \$2,150 from \$2,100 per family per calendar year. Enrollees seeking non-Medicare coverage are required to participate in a counseling session to explore the affordability of available SERS alternatives, including the SERS Marketplace Wraparound Plan.

8. Assumption changes since the prior valuation:
 - The health care trend assumption has been updated.
9. The statute sets a contribution cap of 24.00% of payroll: 14.00% from employers and 10.00% from employees. The funding policy states that employer contributions in excess of those required to support the basic benefits may be allocated to retiree health care funding. If the funded ratio is less than 70%, the entire 14.00% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.
10. Contributions to the Health Care Fund will be 1.50% for fiscal year 2025, which is less than the actuarially determined employer contribution rate. However, as can be seen on page 23, the expected Health Care Fund solvency has increased from 2062 in the prior valuation to 2069 based on current assumptions. This increase is primarily due to June 30, 2024 assets higher than expected in the prior valuation, the reduction in Medicare plan costs, and payroll increase higher than expected leading to higher future year contributions due to the 1.50% surcharge. Please note that the Executive Summary section of this report contains solvency sensitivity projections which illustrate plausible alternate scenarios that would lead to the Fund being insolvent at earlier points using different assumptions.



SECTION II – MEMBERSHIP DATA



Data regarding the membership of the System for use as a basis for the valuation were furnished by the System's office. The following tables summarize the membership of the System as of June 30, 2024 upon which the valuation was based. Detailed tabulations of the data are given in Schedule D.

Active Members

| Number | Payroll | Group Averages | | |
|---------|-----------------|----------------|------|---------|
| | | Salary | Age | Service |
| 163,350 | \$4,547,315,949 | \$27,838 | 46.8 | 7.0 |

The following table shows a six-year schedule of active member valuation data.

| Schedule of SERS Active Member Valuation Data | | | | |
|---|---------|------------------|--------------------|---------------------------|
| Valuation Date | Number | Annual Payroll | Annual Average Pay | % Increase in Average Pay |
| 6/30/2019 | 159,363 | \$ 3,462,524,396 | \$ 21,727 | 3.2% |
| 6/30/2020 | 156,579 | 3,477,578,726 | 22,210 | 2.2 |
| 6/30/2021 | 146,646 | 3,622,097,199* | 24,700 | 11.2 |
| 6/30/2022 | 155,063 | 3,994,657,693 | 25,762 | 4.3 |
| 6/30/2023 | 159,873 | 4,298,689,195 | 26,888 | 4.4 |
| 6/30/2024 | 163,350 | 4,547,315,949 | 27,838 | 3.5 |

* Effective June 30, 2021, the annual compensation reflects imputed salaries.



SECTION II – MEMBERSHIP DATA



The following table shows the number of retiree members and their beneficiaries receiving health care as of the valuation date as well as average ages.

Retiree Lives

| AultCare PPO, Aetna Choice POS II, and SERS Marketplace Wraparound HRA | | Number | Average Age |
|--|--|--------------|----------------|
| Service Retirees | | 2,413 | 62.3 |
| Disability Retirees | | 343 | 60.9 |
| Spouses | | 262 | 61.4 |
| Non-Spouse Dependents | | 157 | 21.3 |
| Total | | 3,175 | 60.1 |

| Aetna Medicare Plan (PPO) and Aetna Traditional Choice | | Number | Average Age |
|---|--|---------------|----------------|
| Service Retirees | | 27,322 | 77.3 |
| Disability Retirees | | 2,232 | 73.3 |
| Spouses | | 6,400 | 78.4 |
| Non-Spouse Dependents | | 63 | 59.3 |
| Total | | 36,017 | 77.2 |

| Non-Medicare Waiving Type of Benefit Recipient | | Number | Average Age |
|---|--|--------------|----------------|
| Service Retirees | | 3,119 | 62.4 |
| Disability Retirees | | 1,429 | 58.6 |
| Total | | 4,548 | 61.2 |

This valuation also includes 6,607 deferred vested members eligible for health care not included in the counts above.



SECTION III – ASSETS



1. As of June 30, 2024 the total market value of assets amounted to \$816,468,867.

| Asset Summary Based on Market Value | | | |
|-------------------------------------|---------------------------------|----|----------------------|
| (1) | Assets at June 30, 2023 | \$ | 706,785,561 |
| (2) | Contributions and Misc. Revenue | | 176,474,542 |
| (3) | Investment Gain (Loss) | | 58,744,114 |
| (4) | Total Health Care Expenses | | <u>(125,535,350)</u> |
| (5) | Assets at June 30, 2024 | \$ | 816,468,867 |
| | (1) + (2) + (3) + (4) | | |
| (6) | Annualized Rate of Return* | | 8.02 % |

*Based on the approximation formula: $I/[0.5 \times (A + B - I)]$, where

- I = Investment Gain (Loss)
- A = Beginning of year asset value
- B = End of year asset value



SECTION IV – COMMENTS ON VALUATION



Schedule A of this report contains the valuation balance sheet which shows the present and prospective assets and liabilities of the System as of June 30, 2024.

1. The total health care valuation balance sheet shows that the System has total future health care liabilities of \$1,895,989,455 of which \$479,898,533 is for the future benefits payable for present retiree members and beneficiaries of deceased members; \$20,425,309 is for the future benefits payable for current deferred vested members; and \$1,395,665,613 is for the future benefits payable for present active members. Against these health care liabilities, the System has a total market value of assets of \$816,468,867 as of June 30, 2024. The difference of \$1,079,520,588 between the total liabilities and the total present actuarial value of assets represents the present value of contributions to be made in the future for health care. Of this amount, no future contributions are expected to be made by members, and the balance of \$1,079,520,588 represents the present value of future contributions payable by SERS.
2. SERS' contributions on account of health care consists of normal contributions and accrued liability contributions. The valuation indicates that employer normal contributions at the rate of 1.27% of payroll are required to provide the benefits of the System for the average new member of SERS.
3. Prospective employer normal contributions on account of health care at the above rates have a present value of \$570,287,455. When this amount is subtracted from \$1,079,520,588 which is the present value of the total future contributions to be made by the employer, there remains \$509,233,133 as the amount of future accrued liability contributions.
4. It is recommended that the accrued liability contribution rate payable by SERS on account of health care be set at 0.73% of payroll. This rate is sufficient to liquidate the unfunded accrued liability of \$509,233,133 over 30 years on the assumption that the aggregate payroll for members will increase by 1.75% each year.



SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES



Actual experience will never (except by coincidence) coincide exactly with assumed experience. It is assumed that gains and losses will be in balance over a period of years, but sizable year-to-year fluctuations are common. Detail on the derivation of the experience gain (loss) for the year ended June 30, 2024 is shown below.

| Experience Gain / (Loss) | | |
|--------------------------|--|-----------------|
| (\$ Thousands) | | |
| (1) | UAAL* as of 6/30/23 | \$ 824,891 |
| (2) | Normal cost from last valuation | 59,999 |
| (3) | Expected employer contributions | 120,504 |
| (4) | Interest accrual: [(1) + (2)] x .070 - (3) x .070/2 | <u>57,725</u> |
| (5) | Expected UAAL before changes: (1) + (2) - (3) + (4) | \$ 822,111 |
| (6) | Change due to claims and retiree premiums | 318,718 |
| (7) | Change due to assumption changes** | <u>(53,616)</u> |
| (8) | Expected UAAL after changes: (5) - (6) - (7) | \$ 557,009 |
| (9) | Actual UAAL* as of 6/30/24 | <u>509,233</u> |
| (10) | Total gain/(loss): (8) - (9) | \$ 47,776 |
| | (a) Asset Gain/(Loss) | <u>2,254</u> |
| | (b) Experience Gain/(Loss) (10) - (10a) | \$ 45,522 |
| (11) | Accrued Liabilities as of 6/30/24 | \$ 1,325,702 |
| (12) | Experience Gain/(Loss) as percent of actuarial accrued liabilities at end of year (10b) / (11) | 3.4% |

* Unfunded actuarial accrued liability

** Assumptions regarding future health care cost increases were updated.



SECTION V – DERIVATION OF EXPERIENCE GAINS AND LOSSES



ANALYSIS OF FINANCIAL EXPERIENCE
Gains and Losses in Accrued Liabilities
Resulting from Difference Between
Assumed Experience and Actual Experience
(\$ Millions)

| Type of Activity | \$ Gain (or Loss) For Year Ending 6/30/24 |
|---|--|
| Age & Service Retirements. If members retire at older ages or participate in lower numbers, there is a gain. If younger ages or higher participation, a loss. | \$ 11.4 |
| Disability Retirements. If disability claims are less than assumed, there is a gain. If more claims, a loss. | 0.8 |
| Death-in Service Benefits. If survivor claims are less than assumed, there is a gain. If more claims, there is a loss. | (1.9) |
| Withdrawal From Employment. If more liabilities are released by withdrawals than assumed, there is a gain. If smaller releases, a loss. | 25.4 |
| Claims Increases (Including Wrap Plan). If smaller claims increases than assumed, there is a gain; if larger, a loss. | 318.7 |
| New Members. Additional accrued liability attributable to members who entered the plan since the last valuation. | (14.3) |
| Asset Experience. If there is a greater investment income than assumed, there is a gain. If less income, a loss. If there are more contributions than the ADC, there is a gain. If less contributions, a loss. | 2.3 |
| Death After Retirement. If retiree members live longer than assumed, there is a loss. If not as long, a gain. | 12.1 |
| Other. Miscellaneous gains and losses resulting from changes in valuation software, data adjustments, timing of financial transactions, etc. | <u>12.0</u> |
| Gain (or Loss) During Year From Financial Experience | \$ 366.5 |
| Non-Recurring Items. Adjustments for plan amendments, assumption changes and method changes | (53.6) |
| Composite Gain (or Loss) During Year | <u>\$ 312.9</u> |





SECTION VI – REQUIRED CONTRIBUTION RATES

The valuation balance sheet gives the basis for determining the percentage rates for contributions to be made by employers to the Retirement System. The following tables show the rates of contribution payable by employers as determined from the present valuation for FY2024.

Required Contribution Rates

| Contribution for | Amount | % of Payroll |
|---|---------------|--------------|
| A. Normal Cost | \$ 59,576,284 | 1.27% |
| B. Member Contributions* | \$ 0 | 0.00% |
| C. Employer Normal Cost: [A - B] | \$ 59,576,284 | 1.27% |
| D. Unfunded Actuarial Accrued Liability** | \$ 33,199,465 | 0.73% |
| E. Total Recommended Employer Contribution Rate: [C + D] | \$ 92,775,749 | 2.00% |
| F. Employer Contribution Toward Health Care ⁺ | \$ 69,070,414 | 1.50% |

* The liabilities are net of retiree contributions towards their health care.

** Based on 30-year amortization of the UAAL from June 30, 2024.

+ Includes 1.50% payroll surcharge.

Fifteen-Year History of Employer Contribution Rates

| Fiscal Year Ending June 30 | Employer Health Care Contribution Rate | Surcharge Percentage | Total Health Care Contribution Rate |
|----------------------------|--|----------------------|-------------------------------------|
| 2010 | 0.46% | 1.50% | 1.96% |
| 2011 | 1.43 | 1.50 | 2.93 |
| 2012 | 0.55 | 1.50 | 2.05 |
| 2013 | 0.16 | 1.50 | 1.66 |
| 2014 | 0.14 | 1.50 | 1.64 |
| 2015 | 0.82 | 1.50 | 2.32 |
| 2016 | 0.00 | 1.50 | 1.50 |
| 2017 | 0.00 | 1.50 | 1.50 |
| 2018 | 0.50 | 1.50 | 2.00 |
| 2019 | 0.50 | 1.50 | 2.00 |
| 2020 | 0.00 | 1.50 | 1.50 |
| 2021 | 0.00 | 1.50 | 1.50 |
| 2022 | 0.00 | 1.50 | 1.50 |
| 2023 | 0.00 | 1.50 | 1.50 |
| 2024 | 0.00 | 1.50 | 1.50 |



SECTION VII – ACCOUNTING INFORMATION



Governmental Accounting Standards Board Statements 74 and 75 set forth certain items of required supplementary information to be disclosed in the financial statements of the System and the employer. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2024. Additional information will be provided in separate reports.

| | |
|-------------------------------|--------------------|
| Valuation date | 6/30/2024 |
| Actuarial cost method | Entry Age |
| Amortization | Level Percent Open |
| Remaining amortization period | 30 years |
| Asset valuation method | Market Value |
| Actuarial assumptions | |
| Investment rate of return* | 7.00% |
| * Includes price inflation at | 2.40% |
| Wage increases | 1.75% |
| Medical Trend Assumption | 7.00% - 4.40% |
| Year of Ultimate Trend | 2035 |





SECTION VII – ACCOUNTING INFORMATION

Thirteen-Year Schedule of Funding Progress
(\$ Millions)

| Actuarial Valuation Date | Value of Plan Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / (c)) |
|--------------------------|--------------------------|---|-----------------------------|----------------------|---------------------|---|
| 6/30/2012 | \$355 | \$2,691 | \$2,336 | 13.2% | \$2,788 | 83.8% |
| 6/30/2013 | 379 | 2,918 | 2,539 | 13.0 | 2,747 | 92.4 |
| 6/30/2014 | 414 | 2,476 | 2,062 | 16.7 | 2,759 | 74.7 |
| 6/30/2015 | 408 | 2,425 | 2,016 | 16.8 | 2,845 | 70.9 |
| 6/30/2016 | 370 | 2,407 | 2,037 | 15.4 | 2,932 | 69.5 |
| 6/30/2017 | 382 | 2,396 | 2,014 | 15.9 | 3,303 | 61.0 |
| 6/30/2018 | 436 | 2,525 | 2,089 | 17.3 | 3,332 | 62.7 |
| 6/30/2019 | 464 | 2,199 | 1,735 | 21.1 | 3,463 | 50.1 |
| 6/30/2020 | 483 | 1,797 | 1,314 | 26.9 | 3,478 | 37.8 |
| 6/30/2021 | 600 | 1,289 | 689 | 46.5 | 3,622 | 19.0 |
| 6/30/2022 | 612 | 1,348 | 736 | 45.4 | 3,995 | 18.4 |
| 6/30/2023 | 707 | 1,532 | 825 | 46.1 | 4,299 | 19.2 |
| 6/30/2024 | 816 | 1,325 | 509 | 61.6 | 4,547 | 11.2 |



SCHEDULE A – VALUATION BALANCE SHEET



The following valuation balance sheet shows the assets and liabilities of the retirement system as of the current valuation date of June 30, 2024 and, for comparison purposes, as of the immediately preceding valuation date of June 30, 2023.

**VALUATION BALANCE SHEET
SHOWING THE ASSETS AND LIABILITIES OF THE
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

| | June 30, 2024 | June 30, 2023 |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Current market value of assets | \$ 816,468,867 | \$ 706,785,561 |
| Prospective contributions | | |
| Employer normal contributions | 570,287,455 | 584,645,987 |
| Unfunded accrued liability contributions | 509,233,133 | 824,890,815 |
| Total prospective contributions | <u>\$ 1,079,520,588</u> | <u>\$ 1,409,536,802</u> |
| Total assets | <u>\$ 1,895,989,455</u> | <u>\$ 2,116,322,363</u> |
| LIABILITIES | | |
| Present value of benefits payable on account of present retiree members and beneficiaries | \$ 479,898,533 | \$ 606,867,180 |
| Present value of benefits payable on account of active members | 1,395,665,613 | 1,486,777,556 |
| Present value of benefits payable on account of deferred vested members | <u>20,425,309</u> | <u>22,677,627</u> |
| Total liabilities | <u>\$ 1,895,989,455</u> | <u>\$ 2,116,322,363</u> |





SCHEDULE A – VALUATION BALANCE SHEET

The following thirteen-year table provides the solvency test for SERS members. The table allocates the valuation assets of the System to its liabilities based on an order of precedence. The highest order of precedence is active member contributions. The second highest order of precedence are members in pay status and vested and non-vested terminated members. The lowest order of precedence is the employer financed portion of active member accrued benefits. The liabilities are determined using the System's assumed rate of return.

Solvency Test (\$ Millions)

| Valuation Date | Aggregate Accrued Liabilities For | | | Actuarial Value of Assets | Portion of Accrued Liabilities Covered by Reported Assets | | |
|----------------|------------------------------------|--|---|---------------------------|---|-------|------|
| | (1) Active Member Contributions | (2) Retiree Members & Beneficiaries | (3) Active Members (Employer Financed Portion) | | (1) | (2) | (3) |
| 6/30/2012 | \$0 | \$1,074 | \$1,617 | \$355 | 100.0% | 33.1% | 0.0% |
| 6/30/2013 | 0 | 1,157 | 1,761 | 379 | 100.0 | 32.8 | 0.0 |
| 6/30/2014 | 0 | 968 | 1,508 | 414 | 100.0 | 42.8 | 0.0 |
| 6/30/2015 | 0 | 979 | 1,507 | 408 | 100.0 | 41.7 | 0.0 |
| 6/30/2016 | 0 | 918 | 1,489 | 370 | 100.0 | 40.3 | 0.0 |
| 6/30/2017 | 0 | 916 | 1,480 | 382 | 100.0 | 41.7 | 0.0 |
| 6/30/2018 | 0 | 968 | 1,557 | 436 | 100.0 | 45.0 | 0.0 |
| 6/30/2019 | 0 | 813 | 1,386 | 464 | 100.0 | 57.0 | 0.0 |
| 6/30/2020 | 0 | 626 | 1,171 | 483 | 100.0 | 77.1 | 0.0 |
| 6/30/2021 | 0 | 544 | 745 | 600 | 100.0 | 100.0 | 7.5 |
| 6/30/2022 | 0 | 532 | 816 | 612 | 100.0 | 100.0 | 9.8 |
| 6/30/2023 | 0 | 630 | 902 | 707 | 100.0 | 100.0 | 8.5 |
| 6/30/2024 | 0 | 500 | 825 | 816 | 100.0 | 100.0 | 38.3 |

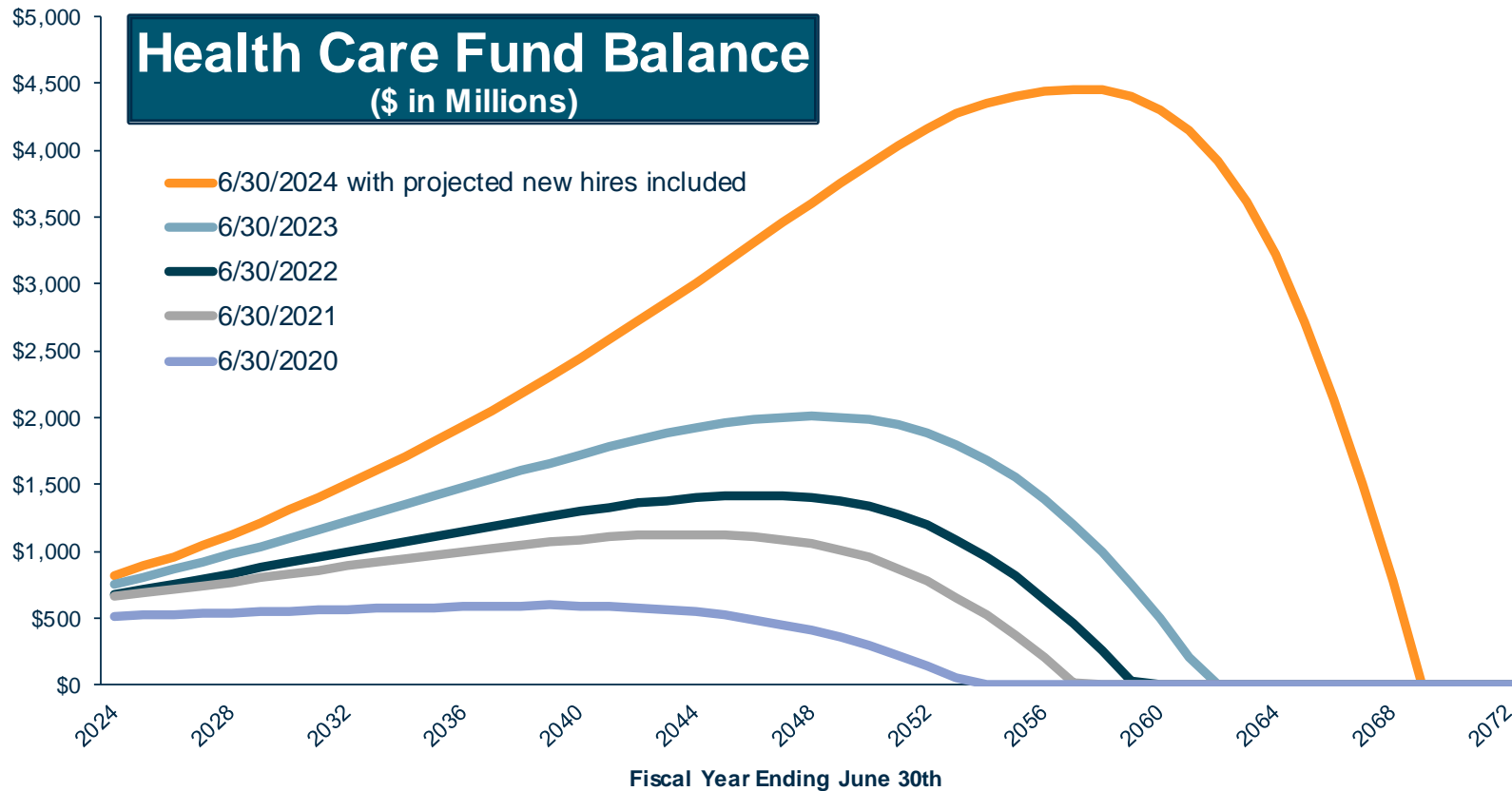




SCHEDULE A – VALUATION BALANCE SHEET

Solvency Chart

The following chart shows the projected Health Care Fund Balances from the five most recent valuations. The prior year projections were based on the funding policy and assumptions in effect on the prior year valuation dates and include no new hires in the benefit payment projections. Since the current year projection indicates solvency for a longer period, we included projected benefit payments for potential new hires in addition to a 7.00% future asset rate of return assumption, a payroll growth assumption of 1.75% per year, and the assumption that the health contribution rate will be 0.00%, plus a health care surcharge of 1.50%. These projections assume there will be no health care cost increases due to IRA and ACA law changes or reimbursements and/or COVID-19 impact other than current baseline costs and anticipated health care trend.





SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS

The decremental assumptions used in the valuation were adopted by the Board on April 15, 2021.

INTEREST RATE: 7.00% per annum, compounded annually (net after all System expenses).

HEALTH CARE COST TREND RATES: Following is a chart detailing trend assumptions. Trend is applied to total health care costs and retiree service based premiums. No trend is applied to the \$35 surcharge.

| Calendar Year | |
|-----------------|-------|
| 2024 | 7.00% |
| 2025 | 6.75 |
| 2026 | 6.50 |
| 2027 | 6.25 |
| 2028 | 6.00 |
| 2029 | 5.75 |
| 2030 | 5.50 |
| 2031 | 5.25 |
| 2032 | 5.00 |
| 2033 | 4.75 |
| 2034 | 4.50 |
| 2035 and beyond | 4.40 |

ANTICIPATED PLAN PARTICIPATION: The assumed annual rates of retiree participation and spouse coverage are as follows:

| Retiree Gender | Spouse Coverage | Dependent Child Coverage |
|----------------|-----------------|--------------------------|
| Male | 25.0% | 0.0% |
| Female | 25.0% | 0.0% |

Wives are assumed to be three years younger than husbands.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



Pre-65 Participants:

| Years of Service | Service Retiree Participation | Disabled Retiree Participation | Deferred Vested Retiree Participation | Death in Service Surviving Spouse Participation |
|------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| 1.5 – 4 | N/A | N/A | N/A | 100.0% |
| 5 – 9 | N/A | 25.0% | N/A | 100.0 |
| 10 – 14 | 25.0% | 25.0 | 50.0% | 100.0 |
| 15 – 19 | 25.0 | 45.0 | 50.0 | 100.0 |
| 20 – 24 | 45.0 | 50.0 | 50.0 | 100.0 |
| 25 – 29 | 50.0 | 75.0 | 50.0 | 100.0 |
| 30 – 34 | 75.0 | 75.0 | 50.0 | 100.0 |
| 35 and over | 90.0 | 90.0 | 50.0 | 100.0 |

15% of eligible pre-65 retirees who are waiving coverage are assumed to elect coverage upon Medicare eligibility

Post-65 Participants:

| Years of Service | Service Retiree Participation | Disabled Retiree Participation | Deferred Vested Retiree Participation | Death in Service Surviving Spouse Participation |
|------------------|-------------------------------|--------------------------------|---------------------------------------|---|
| 1.5 – 4 | N/A | N/A | N/A | 100.0% |
| 5 – 9 | N/A | 70.0% | N/A | 100.0 |
| 10 – 14 | 25.0% | 70.0 | 50.0% | 100.0 |
| 15 – 19 | 45.0 | 70.0 | 50.0 | 100.0 |
| 20 – 24 | 70.0 | 75.0 | 50.0 | 100.0 |
| 25 – 29 | 75.0 | 75.0 | 50.0 | 100.0 |
| 30 – 34 | 85.0 | 85.0 | 50.0 | 100.0 |
| 35 and over | 90.0 | 90.0 | 50.0 | 100.0 |



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



ANTICIPATED PLAN ELECTIONS: The assumed annual rates of member plan elections are as follows:

| Plan Type | Future Retirees | |
|----------------|-----------------|----------|
| | Non-Medicare | Medicare |
| PPO | 80.0% | 100.0% |
| Wraparound HRA | 20.0% | N/A |

Anticipated plan elections within the above plan types are further expanded below:

| Plan Type | Future Retirees* | |
|-----------------------------------|------------------|----------|
| | Non-Medicare | Medicare |
| <u>PPO</u> | | |
| Aetna Choice POS II | 96.0% | 0.0% |
| Aetna Medicare SM Plan | 0.0% | 100.0% |
| AultCare PPO | 4.0% | 0.0% |

* Future disabled retirees assumed 85% Non-Medicare coverage and 15% Medicare coverage before age 65.

ANTICIPATED MEDICARE COVERAGE AT AGE 65: The assumed annual rates of future retirees obtaining Medicare coverage at age 65 are as follows:

| Medicare Coverage | Percent Covered |
|-----------------------|-----------------|
| No Medicare at age 65 | 1.0% |
| Medicare Part A | 98.0% |
| Medicare Part B Only | 1.0% |

Current service retirees, disabled benefit recipients, spouses, and dependent children under age 65 were assumed to have similar Medicare coverage at age 65 as their post-Medicare counterparts.

Effective September 30, 2021, an individual who fails to enroll in Medicare Part B during their Medicare initial or special enrollment period will lose eligibility for SERS' health care coverage. If an individual enrolls in Medicare Part B coverage but then fails to maintain the coverage, the individual must re-enroll during Medicare's first available general enrollment period.

HEALTH CARE PREMIUM DISCOUNT PROGRAM PARTICIPATION: Current Medicare-eligible service retirees, disabled benefit recipients, spouses and dependent children reported as qualifying for the Health Care Premium Discount Program were assumed to continue participating in the program for their lifetime. The Health Care Premium Discount Program is not available for non-Medicare participants.





SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS

MONTHLY EXPECTED MEDICAL/PRESCRIPTION DRUG CLAIMS COSTS (INCLUDES ADMINISTRATIVE EXPENSES): Following are charts detailing expected claims for the year following the valuation date.

| Retiree Costs | | | |
|-----------------|--|--------------------------|--------------|
| Medicare Status | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice | AultCare PPO |
| Non-Medicare | \$1,595 | N/A | \$1,148 |
| Medicare A | \$131 | \$431 | N/A |
| Medicare B Only | \$131 | N/A | N/A |

| Spouse Costs | | | |
|-----------------|--|--------------------------|--------------|
| Medicare Status | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice | AultCare PPO |
| Non-Medicare | \$1,435 | N/A | \$917 |
| Medicare A | \$131 | \$431 | N/A |
| Medicare B Only | \$131 | N/A | N/A |

| Children Costs | | | |
|-----------------|--|--------------------------|--------------|
| Medicare Status | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice | AultCare PPO |
| Non-Medicare | \$479 | N/A | \$203 |
| Medicare A | \$131 | \$431 | N/A |

The above amounts are shown as average costs and represent blended premiums rates.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



EXPECTED ANNUAL CLAIMS: Per capita costs are adjusted to reflect expected cost changes related to age. The relative value factors used were developed from the Society of Actuaries' June 2013 research report Health Care Costs—From Birth to Death by Dale Yamamoto and from the ASOP 6 practice note developed by the American Academy of Actuaries. Representative values of the expected annual claims based on expected service retiree plan elections are as follows:

Pre-Medicare

| Age | Retiree | | Spouse | |
|-----|----------|----------|----------|----------|
| | Male | Female | Male | Female |
| 40 | \$ 5,056 | \$ 8,251 | \$ 4,658 | \$ 7,602 |
| 45 | 6,267 | 8,735 | 5,774 | 8,048 |
| 50 | 8,184 | 10,177 | 7,541 | 9,377 |
| 55 | 10,739 | 11,856 | 9,894 | 10,924 |
| 60 | 13,833 | 13,828 | 12,745 | 12,740 |
| 64 | 16,895 | 16,190 | 15,566 | 14,916 |

Post-Medicare

| Age | Retiree | | Spouse | |
|-----|----------|----------|----------|----------|
| | Male | Female | Male | Female |
| 65 | \$ 1,248 | \$ 1,189 | \$ 1,164 | \$ 1,109 |
| 70 | 1,517 | 1,462 | 1,415 | 1,364 |
| 75 | 1,801 | 1,707 | 1,680 | 1,592 |
| 80 | 2,091 | 1,967 | 1,950 | 1,834 |
| 85 | 2,356 | 2,219 | 2,197 | 2,070 |
| 90 | 2,587 | 2,410 | 2,413 | 2,248 |



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



SEPARATIONS FROM ACTIVE SERVICE: Representative values of the assumed rates of separation from active service are as follows:

| Service | Annual Rates of Withdrawal |
|---------|----------------------------|
| 0 | 40.00% |
| 1 | 19.00 |
| 2 | 11.00 |
| 3 | 9.00 |
| 4 | 8.00 |
| 5 | 6.50 |
| 10 | 3.50 |
| 15 | 2.25 |

| Age | Annual Rates of | | | |
|-----|-----------------|--------|------------|--------|
| | Death * | | Disability | |
| | Male | Female | Male | Female |
| 20 | .041% | .013% | .020% | .010% |
| 25 | .041 | .012 | .039 | .010 |
| 30 | .052 | .019 | .071 | .028 |
| 35 | .068 | .030 | .127 | .059 |
| 40 | .096 | .047 | .214 | .106 |
| 45 | .143 | .072 | .313 | .180 |
| 50 | .218 | .107 | .414 | .300 |
| 55 | .320 | .157 | .530 | .450 |
| 60 | .466 | .238 | .590 | .450 |
| 65 | .682 | .380 | .533 | .300 |
| 70 | 1.025 | .627 | .300 | .200 |
| 74 | 1.461 | .937 | .300 | .200 |

* Pre-retirement mortality is based on the PUB-2010 General Amount Weighted Below Median Employee Mortality Table with fully generational projection using the MP-2020 projection scale. The above rates represent the base rates used.





SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS

| Age | Annual Rates of | | | | | | | |
|-----|-------------------------------------|-----------------|--------------------------|----------------------|----------------------------------|-----------------|--------------------------|----------------------|
| | Retirement Eligible prior to 8/1/17 | | | | Retirement Eligible after 8/1/17 | | | |
| | Reduced | Reduced (55/25) | First Eligible Unreduced | Subsequent Unreduced | Reduced | Reduced (60/25) | First Eligible Unreduced | Subsequent Unreduced |
| 50 | | | 21% | 19% | | | | |
| 55 | | 10% | 27% | 19% | | | | |
| 57 | | 10% | 27% | 19% | | | 30% | 19% |
| 60 | 43% | 15% | 27% | 19% | | 6% | 30% | 19% |
| 62 | 43% | 15% | 27% | 19% | 5% | 6% | 30% | 19% |
| 65 | | | 50% | 33% | 15% | 17% | 30% | 19% |
| 68 | | | 50% | 33% | | | 30% | 18% |
| 70 | | | 50% | 33% | | | 30% | 18% |
| 75 | | | 100% | 100% | | | 100% | 100% |

SALARY INCREASES: Representative values of the assumed annual rates of salary increases are as follows:

| Service | Annual Rates of | | |
|-----------|------------------------|---------------------|-------------------------------------|
| | Merit & Seniority: (A) | Base (Economy): (B) | Increase Next Year: (1+(A))*(1+(B)) |
| 0 | 10.00% | 3.25% | 13.58% |
| 1 | 3.00 | 3.25 | 6.35 |
| 2 | 1.75 | 3.25 | 5.06 |
| 3 | 1.25 | 3.25 | 4.54 |
| 4 | 1.00 | 3.25 | 4.28 |
| 5 – 9 | 0.75 | 3.25 | 4.02 |
| 10 – 15 | 0.50 | 3.25 | 3.77 |
| 16 – 17 | 0.25 | 3.25 | 3.51 |
| 18 & over | 0.00 | 3.25 | 3.25 |

PAYROLL GROWTH: 1.75% per annum, compounded annually.

PRICE INFLATION: 2.40% per annum, compounded annually.



SCHEDULE B – ACTUARIAL ASSUMPTIONS AND METHODS



DEATH AFTER RETIREMENT: These assumptions are used to measure the probabilities of each benefit payment being made after retirement.

SERVICE RETIREMENT: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

DISABLED RETIREMENT: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

CONTINGENT SURVIVOR: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

VALUATION METHOD: Entry age normal cost method. Entry age is established on an individual basis.

ASSET VALUATION METHOD: Market value.





SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS

ELIGIBILITY FOR ACCESS TO RETIREE HEALTH CARE:

Normal Retirement:

Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017: Attainment of age 65 with at least 10 years of creditable service, or completion of 30 years of creditable service, regardless of age.

Members attaining 25 years of service after August 1, 2017: Attainment of age 67 with at least 10 years of creditable service, or attainment of age 57 with at least 30 years of creditable service. Buy-up option available.

Early Retirement:

Retire before August 1, 2017 or have 25 years of service or more on or before August 1, 2017: Not eligible for unreduced service retirement but has attained age 55 with at least 25 years of service, or age 60 with 10 years of service.

Members attaining 25 years of service after August 1, 2017: Attainment of age 62 with at least 10 years of creditable service, or attainment of age 60 with at least 25 years of creditable service.

Disability Retirement:

Permanently disabled after completion of at least 5 years of total service credit.

Survivor Allowances:

Beneficiary must be receiving monthly benefits due to the death of a member, age and service retiree or disability benefit recipient.

Termination:

Members that terminated with at least 10 years of creditable service and have attained age 60 (age 62 for those retiring after August 1, 2017).

PREMIUM PAYMENTS:

Retirees, spouses and dependent children pay either all or a portion of the cost of health care and prescription drug coverage as well as a \$35 monthly surcharge. The remainder of the cost is paid by SERS.

Medicare-eligible retirees, spouses and dependent children may qualify for the health care Premium Discount Program if their household income falls at or below a specified level. Income limits are updated annually. Retirees, spouses and dependent children qualifying for the program will receive a 25% discount in their monthly health care premiums.





SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS

PREMIUM PAYMENTS (Continued):

The following schedule lists the percentage of the retiree premium paid by service retirees:

| Years of Service | Retirement Date on or before July 1, 1989 | Retirement Date August 1, 1989 through July 1, 2008 | Retirement Date on or after August 1, 2008 |
|------------------|---|---|--|
| | Service Retiree Premium Contribution Percentage | | |
| 5 – 9 | 50.0% | N/A | N/A |
| 10 – 14 | 17.5 | 100.0% | 100.0% |
| 15 – 19 | 17.5 | 50.0 | 100.0 |
| 20 – 24 | 17.5 | 25.0 | 50.0 |
| 25 – 29 | 17.5 | 17.5 | 30.0 |
| 30 – 34 | 17.5 | 17.5 | 20.0 |
| 35 and over | 17.5 | 17.5 | 15.0* |

* Additional 1% reduction for each year over 35.

The following schedule lists the percentage of the retiree premium paid by disability benefit recipients:

Non-Medicare Plans Prior to January 1, 2024 and Medicare Plans

| Years of Service | Disabled Benefit Recipient Premium Contribution Percentage |
|------------------|--|
| 5 – 9 | 50.0% |
| 10 – 24 | 33.0 |
| 25 and over | 17.5 |



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



Non-Medicare Plans Effective January 1, 2024

| Years of Service | Retirement Date on or before July 1, 1989 | Retirement Date August 1, 1989 through July 1, 2008 | Retirement Date on or after August 1, 2008 |
|------------------|--|---|--|
| | Disabled Benefit Recipient Premium Contribution Percentage | | |
| 5 – 9 | 50.0% | 100.0% | 100.0% |
| 10 – 14 | 17.5 | 100.0 | 100.0 |
| 15 – 19 | 17.5 | 50.0 | 100.0 |
| 20 – 24 | 17.5 | 25.0 | 50.0 |
| 25 – 29 | 17.5 | 17.5 | 30.0 |
| 30 – 34 | 17.5 | 17.5 | 20.0 |
| 35 and over | 17.5 | 17.5 | 15.0* |

* Additional 1% reduction for each year over 35.

The following schedule lists the percentage of the spouse premium paid by spouses of retirees:

| Service Retiree, Disability Recipient, or Member's Qualified Years of Service | Spouse Premium Contribution Percentage |
|---|--|
| 1.5 – 24 | 100.0% |
| 25 – 29 | 90.0 |
| 30 and over | 80.0 |

Dependent children pay 70.0% of the child premium.

In addition, SERS offered a new coverage option beginning in 2017, the Marketplace Wraparound HRA. This option is only available to health care participants who are not eligible for Medicare and who are not enrolled in Medicaid. Participants will be able to choose insurance from any insurer offering coverage in the federal Marketplace, and if eligible, receive a federal subsidy to lower the premium and cost-sharing amounts. The SERS Marketplace Wraparound HRA offers additional benefits to help pay for deductibles, co-pays, and other costs.

OTHER POST-EMPLOYMENT BENEFITS: Health care and prescription drug coverage is provided in all post-employment group health care plan options. Dental and vision coverage are made available to retirees, spouses, and dependent children at the full cost.



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



2025 RETIREE HEALTH CARE PLAN OPTIONS:

Options available to members without Medicare:

- ◇ Aetna Choice POS II with Express Scripts prescription drug coverage
- ◇ AultCare PPO with AultCare prescription drug coverage
- ◇ Wraparound HRA

Options available to members with Medicare:

- ◇ Aetna MedicareSM Plan (PPO) with Express Scripts Medicare Part D Prescription Drug Plan
- ◇ Aetna Traditional Choice with Express Scripts Medicare Part D Prescription Drug Plan (only available to members with special circumstances)

The following pages contain information that was provided by SERS in the 2025 *Open Enrollment Guide* and the 2025 *Member Health Care Guide*.



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



2025 Monthly Contribution Rates

| Years of Service | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice |
|---|---|--------------------------------|
| Service Retirement Date on or before July 1, 1989 Premiums | | |
| 5-9.999 years | | |
| With Medicare A & B | \$117 | \$287 |
| With Medicare B Only | \$297 | |
| 10-24.999 years | | |
| With Medicare A & B | \$64 | \$123 |
| With Medicare B Only | \$127 | |
| 25 years & over | | |
| With Medicare A & B | \$64 | \$123 |
| With Medicare B Only | \$64 | |

| Years of Service | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice | AultCare PPO |
|---|---|--------------------------------|--------------|
| Service Retirement Date August 1, 1989 through July 1, 2008 Premiums | | | |
| 10-14.999 years | | | |
| Without Medicare | \$1,630 | | \$1,183 |
| With Medicare A & B | \$198 | \$539 | |
| With Medicare B Only | \$558 | | |
| 15-19.999 years | | | |
| Without Medicare | \$833 | | \$609 |
| With Medicare A & B | \$117 | \$287 | |
| With Medicare B Only | \$297 | | |
| 20-24.999 years | | | |
| Without Medicare | \$434 | | \$322 |
| With Medicare A & B | \$76 | \$161 | |
| With Medicare B Only | \$166 | | |
| 25 years & over | | | |
| Without Medicare | \$314 | | \$236 |
| With Medicare A & B | \$64 | \$123 | |
| With Medicare B Only | \$64 | | |



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



2025 Monthly Contribution Rates (continued)

| Years of Service | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice | AultCare PPO |
|---|---|--------------------------------|-----------------|
| Service Retirement Date on or after August 1, 2008 Premiums* | | | |
| 10-19.999 years | | | |
| Without Medicare | \$1,630 | | \$1,183 |
| With Medicare A & B | \$198 | \$539 | |
| With Medicare B Only | \$558 | | |
| 20-24.999 years | | | |
| Without Medicare | \$833 | | \$609 |
| With Medicare A & B | \$117 | \$287 | |
| With Medicare B Only | \$297 | | |
| 25-29.999 years | | | |
| Without Medicare | \$514 | | \$379 |
| With Medicare A & B | \$84 | \$186 | |
| With Medicare B Only | \$84 | | |
| 30-34.999 years* | | | |
| Without Medicare | \$354 | | \$265 |
| With Medicare A & B | \$68 | \$136 | |
| With Medicare B Only | \$68 | | |

* Further reductions for each year over 35.

| Years of Service | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice |
|---|--|-----------------------------|
| Disability Benefit Recipients Premiums** | | |
| 5-9.999 years | | |
| With Medicare A & B | \$117 | \$287 |
| With Medicare B Only | \$297 | |
| 10-24.999 years | | |
| With Medicare A & B | \$89 | \$201 |
| With Medicare B Only | \$208 | |
| 25 years & over | | |
| With Medicare A & B | \$64 | \$123 |
| With Medicare B Only | \$64 | |

** Effective January 1, 2024, Disability Benefit Recipient Premiums will be the same as Service Retirement Premiums for all Non-Medicare plans. Rates above are applicable for Medicare plans.



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



2025 Monthly Contribution Rates (continued)

| Years of Service | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice | AultCare PPO |
|---|--|-----------------------------|--------------|
| Spouse Premiums (Service Retiree, Disability Recipient, or Member's Qualified Service) | | | |
| Up to 25 years | | | |
| Without Medicare | \$1,470 | | \$952 |
| With Medicare A & B | \$198 | \$539 | |
| With Medicare B Only | \$558 | | |
| 25-29.999 years | | | |
| Without Medicare | \$1,327 | | \$860 |
| With Medicare A & B | \$182 | \$489 | |
| With Medicare B Only | \$182 | | |
| 30 years & over | | | |
| Without Medicare | \$1,183 | | \$768 |
| With Medicare A & B | \$166 | \$438 | |
| With Medicare B Only | \$166 | | |

| Years of Service | Aetna Choice POS II and Aetna Medicare SM | Aetna Traditional Choice | AultCare PPO |
|---------------------------|--|-----------------------------|--------------|
| Child Premiums | | | |
| Child w/o Medicare A | \$370 | | \$177 |
| Child with Medicare A & B | \$149 | \$388 | |



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



SERS' Non-Medicare Plans

Non-Medicare plans are available to benefit recipients and dependents under age 65 and not Medicare eligible. Beginning 1/1/2021, however, members who are under age 65 that are eligible for Medicaid are not eligible for the SERS Health Care Plan coverage. Beginning September 2021, plan enrollees eligible for Medicare B lose eligibility for SERS coverage if they do not enroll in Medicare B. Enrollees seeking non-Medicare coverage are required to participate in a counseling session to explore the affordability of available SERS alternatives, including the SERS Marketplace Wraparound Plan.

Aetna Choice POS II

This is a Preferred Provider Organization (PPO) plan with prescription drug coverage by Express Scripts. The plan is available throughout the United States.

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare

Use of out-of-network providers will increase out-of-pocket costs.

AultCare PPO

This is a Preferred Provider Organization (PPO) plan with prescription drug coverage by AultCare.

To enroll in this plan, a member must:

- Be under age 65 and not eligible for Medicare.
- Live in one of the Ohio counties listed on the map in the *2025 Open Enrollment Guide*.

Use of out-of-network providers will increase out-of-pocket costs.

2025 SERS Marketplace Wraparound HRA

The SERS Marketplace Wraparound HRA is available to participants who are not eligible for Medicare and who are not enrolled in Medicaid. Participants are able to choose insurance from any insurer offering coverage in the federal Marketplace. If eligible, participants receive a federal subsidy to lower the premium and cost-sharing amounts. The SERS Marketplace Wraparound HRA offers additional benefits to help pay for deductibles, co-pays, and other costs up to a federally established annual reimbursement limit.



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



SERS' Medicare Plans

Aetna Medicare Plan (PPO)

This is a Medicare Advantage plan with Medicare Part D prescription drug coverage administered by Express Scripts.

Ohio Residents: Aetna has a preferred provider network. Use of out-of-network providers will increase out-of-pocket costs.

Non-Ohio Residents: Can use any medical provider that accepts Medicare patients and agrees to file claims with Aetna.

This plan is available throughout the United States. To enroll, members must have:

- Medicare Part B
- Medicare Part A, if eligible

Aetna Traditional Choice Plan

This plan is NOT available for optional enrollment. It is only available in special circumstances. SERS determines when enrollment is appropriate. Medicare Part D prescription drug coverage is administered through Express Scripts.



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



Prescription Drug Coverage

Prescription drug coverage is included in SERS' health care coverage and does not require a separate premium. Express Scripts provides the prescription drug coverage for Aetna. AultCare provides their own prescription coverage. All prescription plans have a formulary of covered medications. These are referred to as preferred medications. Medications not on the formulary are referred to as non-preferred. The amount members are responsible for paying, known as the co-pay, is based on the medication's preferred status. Members pay the least for generic medications. Members pay the most for brand-name medications that are not preferred. Members can get prescriptions at retail pharmacies or through the mail. Members save money by having prescriptions for maintenance medications mailed to their homes.

The following is a partial list of situations or types of medications that are not covered.

- Prescriptions or medications dispensed in a hospital. These are typically covered under the medical plan.
- Prescriptions covered by Workers' Compensation.
- Prescriptions for fertility, erectile dysfunction, or cosmetic drugs.
- Over-the-counter drugs and herbal preparations, including homeopathic preparations.

With the exception of insulin, Express Scripts does not cover non-preferred medications. Members pay the full amount for non-preferred medications, and these costs do not count toward any out-of-pocket maximum or the Medicare coverage gap.

All prescription plans include these common coverage rules:

- Prior Authorization - For some medications, the doctor must contact the drug plan before certain prescriptions can be filled. The prescription is only covered if the doctor is able to confirm that the medication is necessary.
- Quantity Limits - Limits how much of a specific medication members can get at a time.
- Step Therapy - A process where certain medications that have proven to be safe and effective are tried as the first choice rather than starting with a more expensive prescribed medication.

Medicare Part D Prescription Drugs

SERS' health plan participants enrolled in a Medicare plan are automatically covered under a Medicare Part D prescription drug plan through SERS and should not enroll in a separate Medicare Part D plan. Enrolling in another Part D plan would cause cancellation of SERS coverage for both medical and prescription drug benefits per federal law.



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



Non-Medicare Plan Benefits

| | Aetna Choice POS II (In-Network) | AultCare PPO (In Network) |
|---|--|---|
| Annual Combined Medical & Prescription Drug Out-of-Pocket Maximum | \$7,350/person \$14,700/family | \$7,350/person \$14,700/family |
| Deductible | \$2,000/person \$4,000/family | \$2,000/person \$4,000/family |
| Primary Care Office Visit | \$10 co-pay | \$20 co-pay |
| Specialist Office Visit | \$25 co-pay | \$40 co-pay |
| Outpatient Diagnostic X-Ray and Lab | 20% coinsurance | 20% coinsurance |
| Retail Walk-In Clinic | \$10 co-pay | \$20 co-pay |
| Urgent Care | \$40 co-pay | \$40 co-pay |
| Emergency Room | \$150 co-pay | \$150 co-pay |
| Ambulance | \$150 co-pay | \$150 co-pay |
| Inpatient Hospital | 20% coinsurance after \$250 co-pay | 20% coinsurance after \$250 co-pay |
| Outpatient Surgery | 20% coinsurance | 20% coinsurance |
| Skilled Nursing Facility (100-day max) | 20% coinsurance | 20% coinsurance |
| Home Health Care | 20% coinsurance | 20% coinsurance |
| Hospice Health Care | 100% coverage | Inpatient: 100% coverage Outpatient: 20% coinsurance |
| Outpatient Short-Term Rehab | 20% coinsurance | 20% coinsurance |
| Chiropractic | 20% coinsurance | 20% coinsurance |
| Durable Medical Equipment | 20% coinsurance | 20% coinsurance |
| Prescription Drugs | Express Scripts <u>Retail 34-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) <u>Insulin Retail:</u> 25% or \$25 max preferred brand, 25% or \$45 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$115 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min, \$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min, \$67 max per 30-day supply) | AultCare <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) Non-preferred at 100% <u>Insulin Retail:</u> \$30 preferred brand, \$45 non-preferred brand <u>Insulin Mail Order:</u> \$60 preferred brand, \$115 non-preferred brand <u>Specialty medications:</u> \$100 co-pay <u>Specialty Mail order:</u> \$100 co-pay; 30-day supply only |



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



Non-Medicare Plan Benefits (continued)

| SERS Marketplace Wraparound HRA | |
|--|--|
| Benefit | Maximum Reimbursement |
| Out-of-pocket expenses for Marketplace plan covered services. Examples include deductibles, co-pays, and coinsurance. | Reimbursements are limited to \$2,150 per family, per calendar year in accordance with federal limits* |
| * Reimbursement is limited to cost sharing after the Participant's Marketplace plan has adjudicated any claim(s). Actual reimbursement may vary according to the Participant's Marketplace plan's terms but will in no event exceed the Participant's actual out-of-pocket expenses under the applicable Marketplace plan. | |
| The SERS Marketplace Wraparound HRA eligible expenses noted above only apply to covered service under your Marketplace plan. Claims for non-covered services are not eligible for reimbursement. | |



SCHEDULE C – SUMMARY OF MAIN PLAN PROVISIONS



Medicare Plan Benefits

| Aetna Medicare SM Plan (PPO) (In-Network) | |
|---|---|
| Annual Out-of-Pocket Maximum | \$3,000 per person |
| Deductible | None |
| Primary Care Office Visit | 100% coverage |
| Specialist Office Visit | \$20 co-pay |
| Outpatient Diagnostic X-Ray | \$25 co-pay |
| Outpatient Diagnostic Lab | 100% coverage |
| Urgent Care | \$40 co-pay |
| Emergency Room | \$100 co-pay waived if admitted |
| Ambulance | \$80 co-pay |
| Inpatient Hospital | \$150 co-pay per day 1-5, then 100% coverage |
| Outpatient Surgery /Procedures | 15% coinsurance up to \$200 max |
| Skilled Nursing Facility (100-day max) | Co-pay: \$0 per day 1-10, \$25 per day 11-20, \$50 per day 21-100 |
| Home Health Care | 100% coverage |
| Hospice | Covered by Medicare |
| Outpatient Short-Term Rehab | \$15 co-pay |
| Cardiac Rehabilitation Services | \$15 co-pay |
| Chiropractic | \$20 co-pay limited to Medicare-covered services |
| Durable Medical Equipment | 20% coinsurance |
| Diabetic Supplies | 100% coverage |
| Over-The-Counter Benefit | \$60 per quarter towards eligible health and wellness products from CVS pharmacy |
| Prescription Drugs | Express Scripts Medicare D PDP <u>Retail 30-day max:</u> \$7.50 generic, 25% preferred brand (\$25 min, \$100 max) No coverage for non-preferred brand name <u>Mail order 90-day max:</u> \$15 generic, 25% preferred brand (\$45 min, \$200 max) No coverage for non-preferred brand name <u>Insulin Retail:</u> 25% or \$25 max preferred brand 25% or \$35 max non-preferred brand <u>Insulin Mail Order:</u> 25% preferred brand (\$45 min, \$60 max), 25% or \$90 max non-preferred brand <u>Specialty medications:</u> 25% of cost (\$25 min, \$100 max) <u>Specialty Mail order 90-day max:</u> 25% of cost (\$15 min, \$67 max per 30-day supply) |



SCHEDULE D – DETAILED TABULATIONS OF THE DATA



**All Retirees, Spouses and Dependents Receiving Health Care
Male and Female Demographic Breakdown
As of June 30, 2024
Tabulated by Attained Ages**

| Attained Age | Number of | | Total Number |
|--------------|---------------|---------------|---------------|
| | Males | Females | |
| Under 20 | 16 | 32 | 48 |
| 20-24 | 36 | 44 | 80 |
| 25-29 | 18 | 11 | 29 |
| 30-34 | 1 | 1 | 2 |
| 35-39 | 0 | 5 | 5 |
| 40-44 | 8 | 4 | 12 |
| 45-49 | 12 | 13 | 25 |
| 50-54 | 46 | 62 | 108 |
| 55-59 | 209 | 333 | 542 |
| 60-64 | 885 | 1,816 | 2,701 |
| 65-69 | 2,344 | 5,140 | 7,484 |
| 70-74 | 2,631 | 5,767 | 8,398 |
| 75-79 | 1,901 | 5,009 | 6,910 |
| 80-84 | 1,549 | 4,381 | 5,930 |
| 85-89 | 1,075 | 3,143 | 4,218 |
| 90-94 | 429 | 1,511 | 1,940 |
| 95-99 | 84 | 567 | 651 |
| 100 | 6 | 39 | 45 |
| 101 | 2 | 21 | 23 |
| 102 | 2 | 18 | 20 |
| 103 | 0 | 11 | 11 |
| 104 | 1 | 3 | 4 |
| 105 & Over | 2 | 4 | 6 |
| Total | 11,257 | 27,935 | 39,192 |

Retirees currently waiving insurance are not included in the headcounts above





SCHEDULE D – DETAILED TABULATIONS OF THE DATA

Schedule of Retiree Members Added to and Removed from Rolls Last Thirteen Fiscal Years

| Year Ended | Added to Rolls | | Removed from Rolls* | | Rolls at Year-End | | % Increase in Projected Benefits | Average Projected Benefits |
|------------|----------------|--------------------|---------------------|--------------------|-------------------|--------------------|----------------------------------|----------------------------|
| | Number | Projected Benefits | Number | Projected Benefits | Number | Projected Benefits | | |
| 6/30/2012 | 2,073 | 9,280,779 | 3,785 | 5,391,796 | 46,439 | 90,708,513 | 11.49% | 1,953 |
| 6/30/2013 | 2,110 | 8,977,566 | 3,217 | 4,370,993 | 45,332 | 100,514,730 | 10.81% | 2,217 |
| 6/30/2014 | 2,251 | 8,658,731 | 2,873 | 4,834,922 | 44,710 | 87,007,272 | (13.44)% | 1,946 |
| 6/30/2015 | 2,329 | 8,897,861 | 2,932 | 4,682,901 | 44,107 | 90,855,858 | 4.42% | 2,060 |
| 6/30/2016 | 2,820 | 10,209,470 | 2,650 | 4,258,016 | 44,277 | 90,484,518 | (0.41)% | 2,044 |
| 6/30/2017 | 2,355 | 10,099,985 | 2,774 | 4,834,866 | 43,858 | 91,554,056 | 1.18% | 2,088 |
| 6/30/2018 | 2,383 | 7,833,624 | 2,820 | 5,004,204 | 43,421 | 90,696,175 | (0.94)% | 2,089 |
| 6/30/2019 | 1,791 | 6,375,244 | 2,665 | 4,496,857 | 42,547 | 82,778,168 | (8.73)% | 1,946 |
| 6/30/2020 | 2,058 | 6,645,569 | 2,749 | 4,275,713 | 41,856 | 69,600,381 | (15.92)% | 1,663 |
| 6/30/2021 | 2,213 | 7,152,506 | 3,172 | 4,050,170 | 40,897 | 69,028,349 | (0.82)% | 1,688 |
| 6/30/2022 | 2,245 | 6,676,697 | 3,011 | 4,299,770 | 40,131 | 63,016,244 | (8.71)% | 1,570 |
| 6/30/2023 | 2,155 | 5,780,866 | 2,630 | 3,716,184 | 39,656 | 59,374,856 | (5.78)% | 1,497 |
| 6/30/2024 | 2,156 | 5,852,358 | 2,620 | 4,216,620 | 39,192 | 49,618,746 | (16.43)% | 1,266 |

* The benefits removed from rolls do not include subsidies that were changed due to premium changes, plan election changes or reductions due to members obtaining Medicare eligibility.

Retirees currently waiving insurance are not included in the headcounts above.



SCHEDULE D – DETAILED TABULATIONS OF THE DATA



Deferred Vested Members Eligible for Health Care
Male and Female Demographic Breakdown
As of June 30, 2024
Tabulated by Attained Ages

| Attained Age | Number of | | Total Number |
|--------------|--------------|--------------|--------------|
| | Males | Females | |
| Under 35 | 7 | 8 | 15 |
| 35-39 | 58 | 65 | 123 |
| 40-44 | 148 | 202 | 350 |
| 45-49 | 183 | 425 | 608 |
| 50-54 | 256 | 891 | 1,147 |
| 55-59 | 329 | 1,471 | 1,800 |
| 60 & Over | 477 | 2,087 | 2,564 |
| Total | 1,458 | 5,149 | 6,607 |



SCHEDULE D – DETAILED TABULATIONS OF THE DATA



Total Active Members as of June 30, 2024 Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 3,375 | | | | | | | 3,375 |
| Avg Pay | \$12,963 | | | | | | | \$12,963 |
| 20-24 | 11,083 | 106 | | | | | | 11,189 |
| Avg Pay | \$14,781 | \$32,683 | | | | | | \$14,950 |
| 25-29 | 10,390 | 1,097 | 42 | | | | | 11,529 |
| Avg Pay | \$18,530 | \$36,777 | \$49,803 | | | | | \$20,380 |
| 30-34 | 10,081 | 2,231 | 453 | 30 | | | | 12,795 |
| Avg Pay | \$19,739 | \$38,455 | \$49,344 | \$59,547 | | | | \$24,144 |
| 35-39 | 11,104 | 2,893 | 1,016 | 285 | 33 | | | 15,331 |
| Avg Pay | \$19,669 | \$37,103 | \$50,562 | \$56,704 | \$60,641 | | | \$25,783 |
| 40-44 | 11,446 | 4,104 | 1,472 | 712 | 337 | 49 | | 18,120 |
| Avg Pay | \$19,366 | \$35,694 | \$47,356 | \$59,357 | \$64,996 | \$63,973 | | \$27,878 |
| 45-49 | 9,844 | 4,259 | 2,086 | 1,027 | 681 | 293 | 24 | 18,214 |
| Avg Pay | \$18,375 | \$33,712 | \$42,353 | \$52,141 | \$63,463 | \$65,855 | \$68,746 | \$29,128 |
| 50-54 | 8,181 | 4,100 | 2,683 | 1,866 | 1,400 | 761 | 180 | 19,171 |
| Avg Pay | \$19,434 | \$34,032 | \$40,256 | \$46,484 | \$53,404 | \$63,553 | \$65,222 | \$32,765 |
| 55-59 | 6,566 | 3,362 | 2,629 | 2,491 | 2,451 | 1,554 | 478 | 19,531 |
| Avg Pay | \$19,848 | \$34,396 | \$39,122 | \$40,891 | \$45,557 | \$52,170 | \$62,699 | \$34,477 |
| 60-64 | 5,272 | 2,579 | 2,008 | 2,266 | 3,060 | 2,467 | 914 | 18,566 |
| Avg Pay | \$18,663 | \$32,540 | \$38,579 | \$40,535 | \$42,874 | \$46,447 | \$53,964 | \$34,834 |
| 65-69 | 3,729 | 1,464 | 928 | 850 | 1,140 | 1,193 | 757 | 10,061 |
| Avg Pay | \$13,836 | \$28,038 | \$35,142 | \$40,451 | \$43,200 | \$44,351 | \$47,311 | \$29,580 |
| 70 & over | 2,661 | 972 | 468 | 315 | 265 | 263 | 524 | 5,468 |
| Avg Pay | \$11,064 | \$20,222 | \$28,411 | \$31,754 | \$36,307 | \$41,617 | \$43,182 | \$21,139 |
| Totals | 93,732 | 27,167 | 13,785 | 9,842 | 9,367 | 6,580 | 2,877 | 163,350 |
| Avg Pay | \$18,017 | \$34,115 | \$41,212 | \$44,563 | \$47,359 | \$50,198 | \$52,529 | \$27,838 |

Averages:

Age: 46.8
 Service: 7.0
 Annual Pay: \$27,838



SCHEDULE D – DETAILED TABULATIONS OF THE DATA



Male Active Members as of June 30, 2024 Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 1,759 | | | | | | | 1,759 |
| Avg Pay | \$13,665 | | | | | | | \$13,665 |
| 20-24 | 4,493 | 40 | | | | | | 4,533 |
| Avg Pay | \$14,899 | \$39,015 | | | | | | \$14,315 |
| 25-29 | 4,281 | 491 | 30 | | | | | 4,802 |
| Avg Pay | \$19,033 | \$43,037 | \$55,602 | | | | | \$21,716 |
| 30-34 | 3,394 | 771 | 243 | 20 | | | | 4,428 |
| Avg Pay | \$20,281 | \$45,087 | \$54,718 | \$63,999 | | | | \$26,687 |
| 35-39 | 3,202 | 814 | 429 | 158 | 29 | | | 4,632 |
| Avg Pay | \$20,653 | \$47,454 | \$60,331 | \$60,874 | \$61,444 | | | \$30,665 |
| 40-44 | 3,518 | 914 | 464 | 319 | 186 | 22 | | 5,423 |
| Avg Pay | \$18,895 | \$47,761 | \$61,753 | \$72,333 | \$73,867 | \$81,036 | | \$32,708 |
| 45-49 | 3,530 | 950 | 449 | 289 | 242 | 146 | 14 | 5,620 |
| Avg Pay | \$16,459 | \$41,559 | \$59,187 | \$69,767 | \$79,679 | \$76,119 | \$72,305 | \$31,268 |
| 50-54 | 3,206 | 927 | 539 | 383 | 316 | 258 | 87 | 5,716 |
| Avg Pay | \$17,985 | \$41,658 | \$55,208 | \$68,014 | \$73,637 | \$78,758 | \$72,985 | \$35,344 |
| 55-59 | 2,575 | 939 | 568 | 418 | 372 | 333 | 192 | 5,397 |
| Avg Pay | \$19,711 | \$41,647 | \$50,915 | \$60,302 | \$65,772 | \$73,086 | \$73,940 | \$38,353 |
| 60-64 | 2,069 | 871 | 576 | 474 | 433 | 318 | 213 | 4,954 |
| Avg Pay | \$20,409 | \$37,743 | \$48,442 | \$54,889 | \$62,878 | \$68,714 | \$72,261 | \$39,057 |
| 65-69 | 1,562 | 588 | 350 | 257 | 221 | 155 | 135 | 3,268 |
| Avg Pay | \$15,577 | \$30,582 | \$41,483 | \$48,706 | \$57,755 | \$62,022 | \$63,566 | \$30,694 |
| 70 & over | 1,130 | 470 | 233 | 126 | 66 | 54 | 64 | 2,143 |
| Avg Pay | \$11,901 | \$22,724 | \$32,014 | \$37,621 | \$43,785 | \$52,829 | \$56,934 | \$21,332 |
| Totals | 34,719 | 7,775 | 3,881 | 2,444 | 1,865 | 1,286 | 705 | 52,675 |
| Avg Pay | \$17,870 | \$40,973 | \$52,727 | \$60,829 | \$67,249 | \$71,439 | \$69,752 | \$29,592 |

Averages:

Age: 45.2
 Service: 5.5
 Annual Pay: \$29,592



SCHEDULE D – DETAILED TABULATIONS OF THE DATA



Female Active Members as of June 30, 2024 Tabulated by Attained Ages and Years of Service

| Attained Age | Years of Service to Valuation Date | | | | | | | Totals |
|----------------|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 0-4 | 5 - 9 | 10 - 14 | 15 - 19 | 20 - 24 | 25 - 29 | 30+ | |
| Under 20 | 1,616 | | | | | | | 1,616 |
| Avg Pay | \$12,200 | | | | | | | \$12,200 |
| 20-24 | 6,590 | 66 | | | | | | 6,656 |
| Avg Pay | \$14,701 | \$27,497 | | | | | | \$14,827 |
| 25-29 | 6,109 | 606 | 12 | | | | | 6,727 |
| Avg Pay | \$18,178 | \$31,705 | \$35,304 | | | | | \$19,427 |
| 30-34 | 6,687 | 1,460 | 210 | 10 | | | | 8,367 |
| Avg Pay | \$19,465 | \$34,953 | \$43,125 | \$50,644 | | | | \$22,798 |
| 35-39 | 7,902 | 2,079 | 587 | 127 | 4 | | | 10,699 |
| Avg Pay | \$19,271 | \$33,050 | \$43,422 | \$51,516 | \$54,816 | | | \$23,669 |
| 40-44 | 7,928 | 3,190 | 1,008 | 393 | 151 | 27 | | 12,697 |
| Avg Pay | \$19,575 | \$32,236 | \$40,730 | \$48,824 | \$54,068 | \$50,069 | | \$25,816 |
| 45-49 | 6,314 | 3,309 | 1,637 | 738 | 439 | 147 | 10 | 12,594 |
| Avg Pay | \$19,447 | \$31,460 | \$37,736 | \$45,239 | \$54,524 | \$55,660 | \$63,762 | \$28,172 |
| 50-54 | 4,975 | 3,173 | 2,144 | 1,483 | 1,084 | 503 | 93 | 13,455 |
| Avg Pay | \$20,367 | \$31,804 | \$36,497 | \$40,923 | \$47,505 | \$55,754 | \$57,961 | \$31,669 |
| 55-59 | 3,991 | 2,423 | 2,061 | 2,073 | 2,079 | 1,221 | 286 | 14,134 |
| Avg Pay | \$19,936 | \$31,586 | \$35,871 | \$36,976 | \$41,940 | \$46,465 | \$55,153 | \$32,997 |
| 60-64 | 3,203 | 1,708 | 1,432 | 1,792 | 2,627 | 2,149 | 701 | 13,612 |
| Avg Pay | \$17,535 | \$29,886 | \$34,612 | \$36,738 | \$39,577 | \$43,152 | \$48,404 | \$33,297 |
| 65-69 | 2,167 | 876 | 578 | 593 | 919 | 1,038 | 622 | 6,793 |
| Avg Pay | \$12,581 | \$26,331 | \$31,302 | \$36,873 | \$39,700 | \$41,712 | \$43,783 | \$29,045 |
| 70 & over | 1,531 | 502 | 235 | 189 | 199 | 209 | 460 | 3,325 |
| Avg Pay | \$10,446 | \$17,879 | \$24,839 | \$27,842 | \$33,827 | \$38,719 | \$41,269 | \$21,015 |
| Totals | 59,013 | 19,392 | 9,904 | 7,398 | 7,502 | 5,294 | 2,172 | 110,675 |
| Avg Pay | \$18,104 | \$31,365 | \$36,700 | \$39,190 | \$42,414 | \$45,039 | \$46,938 | \$27,003 |

Averages:

Age: 47.5
 Service: 7.7
 Annual Pay: \$27,003



SCHEDULE D – DETAILED TABULATIONS OF THE DATA



Active Members as of June 30, 2024 Tabulated by Annual Pay

| Annual Pay | Number of Active Members | | | Portion of Total Number | |
|-------------------|--------------------------|----------------|----------------|-------------------------|------------|
| | Men | Women | Totals | Group | Cumulative |
| Less than \$1,000 | 1,659 | 2,833 | 4,492 | 2.7% | 2.7% |
| \$1,000 - 1,999 | 2,289 | 2,881 | 5,170 | 3.2% | 5.9% |
| 2,000 - 2,999 | 2,949 | 3,262 | 6,211 | 3.8% | 9.7% |
| 3,000 - 3,999 | 3,320 | 2,893 | 6,213 | 3.8% | 13.5% |
| 4,000 - 4,999 | 2,748 | 2,380 | 5,128 | 3.1% | 16.7% |
| 5,000 - 5,999 | 2,068 | 2,307 | 4,375 | 2.7% | 19.3% |
| 6,000 - 6,999 | 1,718 | 2,220 | 3,938 | 2.4% | 21.7% |
| 7,000 - 7,999 | 1,312 | 2,195 | 3,507 | 2.1% | 23.9% |
| 8,000 - 8,999 | 1,089 | 2,071 | 3,160 | 1.9% | 25.8% |
| 9,000 - 9,999 | 902 | 2,100 | 3,002 | 1.8% | 27.7% |
| 10,000 - 11,999 | 1,509 | 4,049 | 5,558 | 3.4% | 31.1% |
| 12,000 - 13,999 | 1,409 | 4,259 | 5,668 | 3.5% | 34.5% |
| 14,000 - 15,999 | 1,294 | 4,650 | 5,944 | 3.6% | 38.2% |
| 16,000 - 17,999 | 1,293 | 5,126 | 6,419 | 3.9% | 42.1% |
| 18,000 - 19,999 | 1,353 | 5,662 | 7,015 | 4.3% | 46.4% |
| 20,000 - 24,999 | 3,088 | 14,531 | 17,619 | 10.8% | 57.2% |
| 25,000 - 29,999 | 2,763 | 12,368 | 15,131 | 9.3% | 66.5% |
| 30,000 - 35,999 | 2,786 | 9,623 | 12,409 | 7.6% | 74.0% |
| 36,000 - 39,999 | 1,875 | 5,190 | 7,065 | 4.3% | 78.4% |
| 40,000 - 49,999 | 5,068 | 8,869 | 13,937 | 8.5% | 86.9% |
| 50,000 - 59,999 | 3,763 | 5,026 | 8,789 | 5.4% | 92.3% |
| 60,000 and over | 6,420 | 6,180 | 12,600 | 7.7% | 100.0% |
| Totals | 52,675 | 110,675 | 163,350 | | |



SCHEDULE E – GLOSSARY



Actuarial Accrued Liability. The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability".

Accrued Service. The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions. Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Equivalent. A series of payments is called an actuarial equivalent of another series of payments if the two series have the same actuarial present value.

Actuarial Present Value. The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

Age-Related Morbidity. Assumed increase to the net incurred claims related to increase in age.

Amortization. Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss). A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Health Care Cost Trend Rates. The annual assumed rate of increase for both claims and contributions.

Normal Cost. The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost". Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability. The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for future service and salary. The termination liability will generally be less than the liabilities computed on a "going concern" basis and is not normally determined in a routine actuarial valuation.

Reserve Account. An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.



SCHEDULE E – GLOSSARY



Unfunded Actuarial Accrued Liability. The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability".

Valuation Assets. The value of current plan assets recognized for valuation purposes. Generally based on book value plus a portion of unrealized appreciation or depreciation.



ACTUARIAL VALUATION REPORT
ALLOCATION OF EMPLOYER CONTRIBUTIONS

_____ moved and _____ seconded that after review and discussion of the actuary's *Report on the Annual Basic Benefits Valuation of the School Employees Retirement System of Ohio* (prepared as of June 30, 2024) at the November 2024 Board meeting, the Board accept the actuary's recommended allocation of the 14% employer contribution for fiscal year 2025 as follows: Pension Fund (9.13%), Death Benefit Fund (0.03%), Medicare B Fund (0.40%) and Health Care Fund (0.00%). The Board indicated that no allocation should be made to the Health Care Fund during the September 2024 Board meeting, preferring to enhance the funding levels for Basic Benefits. The remainder (4.44%) will also be allocated proportionately to the Pension Fund, Death Benefit Fund and Medicare B Fund in accordance with the funding policy approved by the Board on June 18, 2015.

Upon roll call, the vote was as follows:

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



September 4, 2024

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 \$30,000 for the 2024-2025 fiscal year, which was estimated based on data available last year. After review of the fiscal year 2024 surcharge file provided by staff projected forward to 2025, we expect the 2024-2025 fiscal year surcharge at the required level of \$30,000 to be appropriate.

For the 2025-2026 fiscal year, we recommend a 10% increase to the fiscal year 2025 level to \$33,000 in order meet the stated funding policy goal based on the same data used to review the 2024-2025 fiscal year surcharge required level and the assumptions as described on the following pages projected to 2026.

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 \$33,000, it is expected that the actual surcharge contributions would once again be limited to 1.50% of total System payroll. Depending on the mix of members with earnings under the required surcharge as distributed by employer, the limit of 2.00% 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, 2024, we projected the reported 2023-2024 fiscal year earnings forward to fiscal year 2024-2025 and 2025-2026 using the salary scale assumption for each individual. To account for any across-the-board salary increases, we then applied an additional 4.00% increase.
- 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 2026, we projected that the Fund would remain solvent for at least 20 years.
- We assumed the surcharge would be prorated for members who were reported working less than 120 days for fiscal year 2023-2024. 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 2023-2024 service, if applicable.
- Using the fiscal year 2024 surcharge file provided by staff which shows total payroll for each employer, we estimated the impact of the 2.00% per employer limit in the collected surcharge amounts for both fiscal year 2024-2025 and fiscal year 2025-2026.



- After applying the 2.00% per employer limit in the collected surcharge amounts for fiscal year 2025-2026, our calculated estimates indicate that the \$30,000 threshold would cause the total surcharge dollar amount to fall below the overall 1.50% overall payroll amount. At a \$31,000 threshold, small deviations in our assumptions could cause the total surcharge dollar amount to fall below the overall 1.50% overall payroll amount. Therefore, we recommend a 10% increase to \$33,000 to account for adverse deviations.

Limitations of our methodology:

- We are using active data at the snapshot date of June 30, 2024 and projecting forward. We did not include members who terminated during the 2023-2024 fiscal year or members who are hired after June 30, 2024.
- We assumed each active member's service amount would stay the same as in the June 30, 2024 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 2.00% 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,

Alisa Bennett, FSA, EA, FCA, MAAA
President

Jessica Fain, EA, MAAA
Associate Actuary

HEALTH CARE SURCHARGE LEVEL FOR FY2026

_____ moved and _____ seconded the motion to accept the recommendation of SERS's actuary, CavMac, and establish \$33,000 as the minimum compensation amount for purposes of the fiscal year 2026 Health Care surcharge.

Upon roll call, the vote was as follows:

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



GLOBAL FIXED INCOME PORTFOLIO REVIEW

As of September 30, 2024

Presented by Investment Staff:

Jason Naber

Meeting Date: November 2024

Agenda



- Portfolio Summary & Structure
- Performance
- Portfolio Activity/Goals Review
- Outlook
- Appendix



Portfolio Summary

\$2.6 Billion Market Value

- 13 Externally Managed Mandates across 3 Strategies (Core, Core Plus and Tactical & Diversifying)
 - 10 Ranked as A
 - 2 Ranked as B
 - 1 Ranked as C

Fixed Income Performance

- Total Return for 1 Year ending September 2024 was 12.6%
- Excess Net Return was 1.0% for 1 Year
- Net Excess Returns for 3, 5, & 10 Years Continue to be Positive

Portfolio Structure

- Benchmark changed to the Bloomberg US Universal Index on July 1st
- Interest Income of \$80m Transferred to Pay Benefits (18% Increase over 12 months)
- Portfolio Management Fee Average is 0.36%

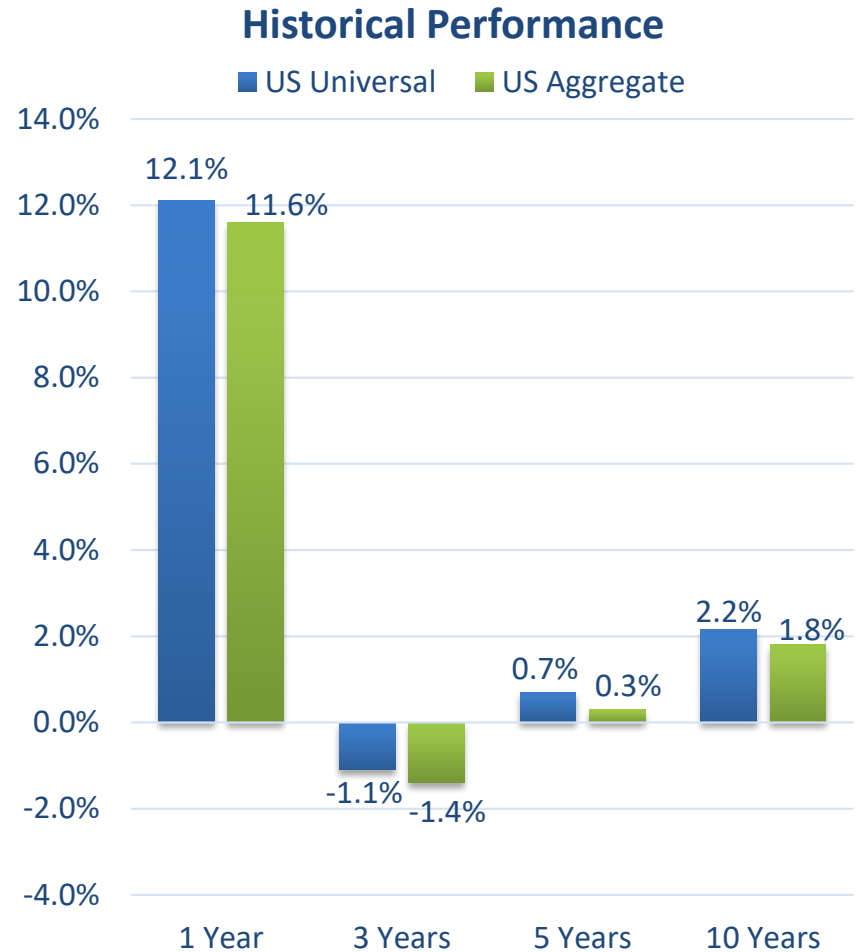
Role: Diversification & Risk Reduction to Total Fund

- Contribution to Total Fund Risk is 2.9% relative to Portfolio Weight of 13.3%



Portfolio Benchmark Change

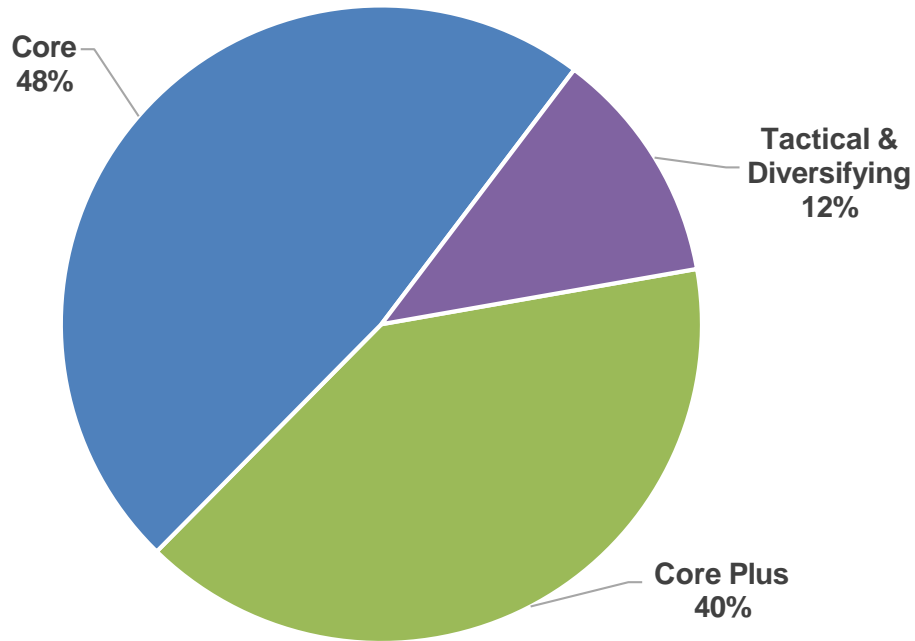
| Characteristic | NEW: Bloomberg US Universal Index | OLD: Bloomberg US Aggregate Index |
|-------------------------|---|---|
| Yield to Maturity | 4.44% | 4.23% |
| Duration | 5.9 yrs | 6.2 yrs |
| Credit Quality | AA- | AA |
| Sector Exposure: | | |
| -High Yield | 3.8% | 0.0% |
| -EMD | 6.8% | 0.0% |
| -MBS | 21.7% | 26.5% |
| -US Treasury | 37.4% | 43.1% |



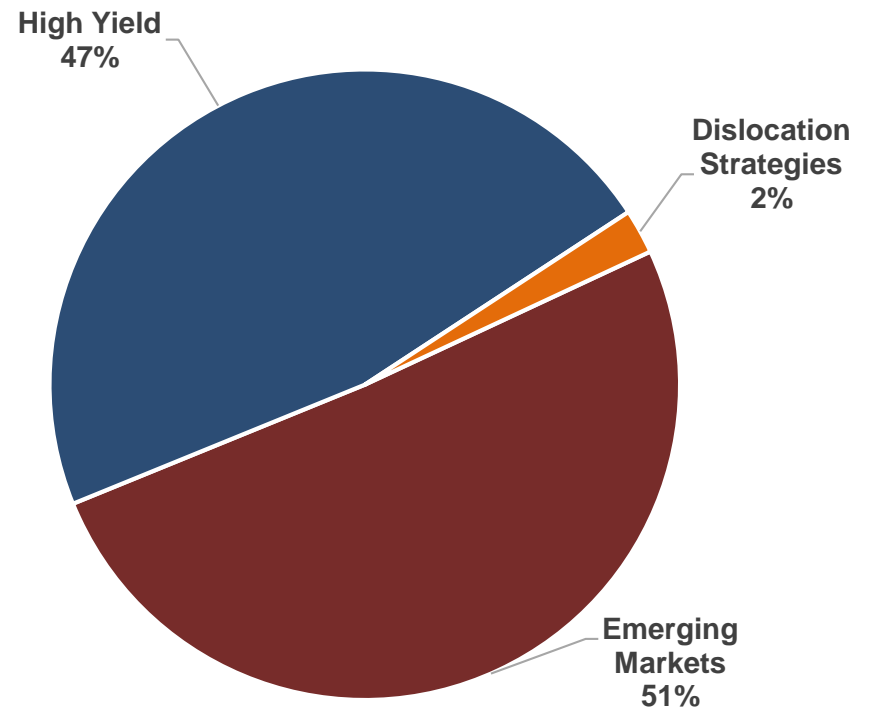


Portfolio Structure

Portfolio Strategy



Tactical & Diversifying: Strategy Breakout





Characteristics

| Strategy | Average Quality Rating | Yield to Maturity | Effective Duration |
|-------------------------------------|------------------------|-------------------|--------------------|
| Core | AA | 4.44% | 6.2 yrs |
| Core Plus | A+ | 4.84% | 5.8 yrs |
| Core & Core Plus | AA- | 4.61% | 6.1 yrs |
| Tactical & Diversifying | BBB | 6.03% | 3.5 yrs |
| Portfolio | A+ | 4.78% | 5.8 yrs |
| Bloomberg US Universal Index | AA- | 4.44% | 5.9 yrs |



New Internal ETF Account

Why?

- Make Direct Allocations to US Treasuries to Reduce Risk or Add Benchmark Exposure
- Capture Market Opportunities Quickly without IMA Amendments
- No Account Level Fee, Only Underlying ETF Fees

Account Initiation & Setup

- Developed a New Internal ETF Account Policy & Guidelines
- Internal Fixed Income ETF is SERS 1st Internal ETF Account
- Policy Currently Limits Exposure to US Treasury and Index ETFs

SERS ETF Trade Process to Buy or Sell

Step 1) Investment Officer (IO) Recommends Trade for Approval to the CIO

Step 3) Finance Dept Verifies Trade Details, Ensures Trade Execution & Settlement

Step 2) IO Initiates Trade on SERS Global Custodian Platform

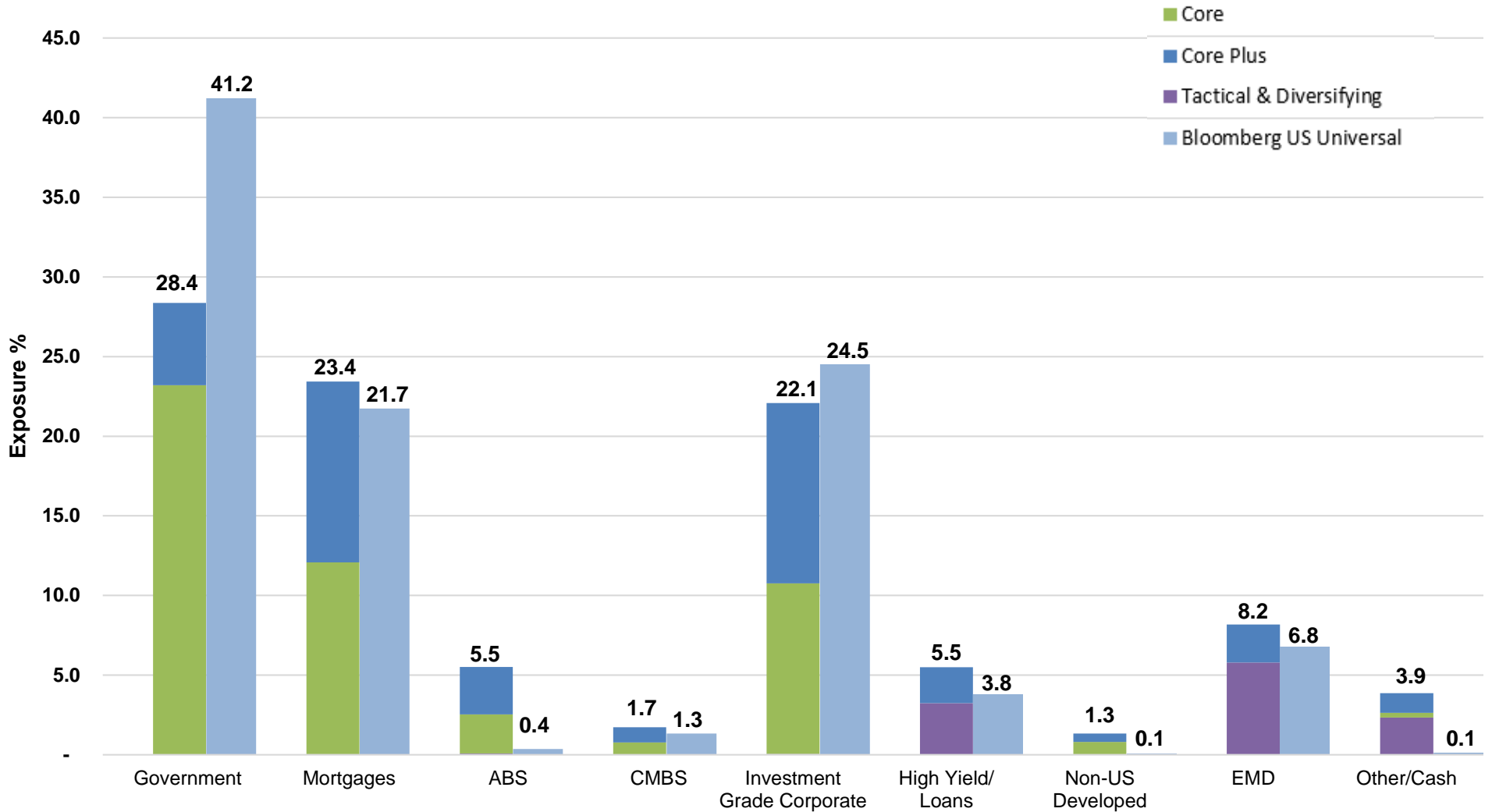
1 Year Results

- Outperformed Benchmark by 0.60%
- Invested \$94 million, Currently 4% of Portfolio
- Account ETF Fees are 0.06%
- More Conservative Portfolio Positioning in Event of an Economic Downturn or Market Stress



FIXED INCOME

Security Sector Exposures



As of September 30, 2024



FIXED INCOME

Market Performance

| YTD | One Year | Three Years | Five Years | Ten Years |
|---------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
| High Yield 8.00% | EMD Blend 16.00% | High Yield 3.10% | High Yield 4.71% | High Yield 5.04% |
| EMD Blend 6.80% | High Yield 15.74% | Asset-Backed 1.80% | U.S. TIPS 2.62% | Inv. Grade Corp. 2.92% |
| Inv. Grade Corp. 5.32% | Inv. Grade Corp. 14.28% | EMD Blend 0.12% | Asset-Backed 2.10% | U.S. TIPS 2.54% |
| Asset-Backed 5.07% | Agency MBS 12.32% | U.S. TIPS -0.57% | Inv. Grade Corp. 1.16% | Asset-Backed 2.18% |
| U.S. Universal 4.91% | U.S. Universal 12.08% | U.S. Universal -1.05% | EMD Blend 0.76% | U.S. Universal 2.15% |
| U.S. TIPS 4.85% | U.S. TIPS 9.79% | Inv. Grade Corp. -1.18% | U.S. Universal 0.70% | Agency MBS 1.41% |
| Agency MBS 4.50% | U.S. Treasury 9.72% | Agency MBS -1.20% | Agency MBS 0.04% | EMD Blend 1.36% |
| U.S. Treasury 3.84% | Asset-Backed 8.72% | U.S. Treasury -1.78% | U.S. Treasury -0.20% | U.S. Treasury 1.34% |

Source: Bloomberg

As of September 30, 2024



FIXED INCOME

Net of Fee Performance

| | One Year | Three Years | Five Years | Ten Years |
|------------------------------------|--------------|--------------|-------------|-------------|
| Global Fixed Income | 12.6% | -0.5% | 1.7% | 2.6% |
| -Core (48%) | 11.7 | -1.0 | 0.8 | 2.1 |
| -Core Plus (40%) | 13.4 | -0.7 | 1.6 | 2.8 |
| -Core & Core Plus (88%) | 12.5% | -0.9% | 1.2% | 2.5% |
| -Tactical & Diversifying (12%) | 13.4 | 2.6 | 3.5 | 1.9 |
| Fixed Income Benchmark* | 11.6% | -1.4% | 0.3% | 1.8% |
| Excess Return | 1.0% | 0.9% | 1.4% | 0.8% |

*Benchmark changed to the Bloomberg US Universal Index on 7/1/2024.

As of September 30, 2024



FIXED INCOME

Three Year Rolling Risk and Return



*Benchmark change to the Bloomberg US Universal Index on July 1, 2024.



One Year in Review

Tactically Managed Strategy Allocations

- \$146 Million Contributed to Core Including \$94 Million to New Internal ETF Account
- \$20 Million Contributed to Core Plus
- \$20 Million Contributed to Tactical & Diversifying

Portfolio Activity

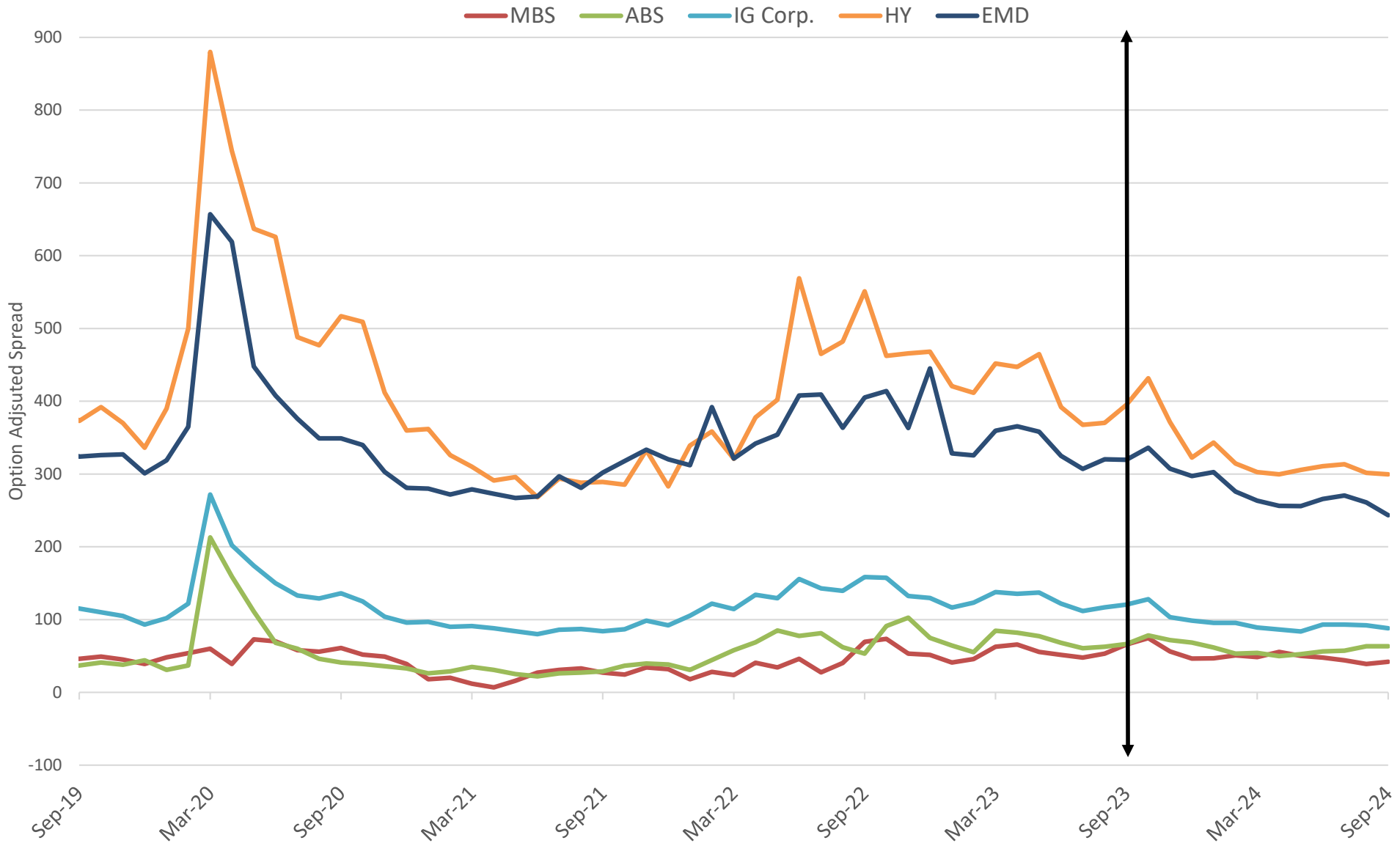
- Manager Contributions Increased Portfolio Allocation by 1%
- Opened New Internal ETF Account
- Securitized Dislocation Strategy Returned \$21 Million

Portfolio Management

- Portfolio Continues to be Underweight vs Strategic Allocation of 18% by 4.7%
- Strategy Positioning has a Higher Allocation to Core Assets and US Treasuries to Reduce Risk
- Fully Renegotiated 3 Manager IMAs & Modified the Guidelines of 6 Others



Sector Spreads



Source: Bloomberg



Fixed Income Outlook

Current Fixed Income Markets

- Credit Spreads are Tight Relative to 10 Year Average
- Late Credit Cycle with Continued Earnings Growth and Stable Corporate Fundamentals
- Interest Rates May Remain Higher Than in the Past Cycles
- Higher Rates for Longer May Lead to an Economic Downturn or Market Stress

Potential Portfolio Changes

- Increase Fixed Income Strategic Allocation
- Increase Portfolio Duration

Portfolio Return Expectations

- Credit Spreads May Remain in this Range and Income will be the Source of Return
- Falling Interest Rates Will Also Benefit Fixed Income Returns
- Long-Term Returns are Expected to be Close to Current Portfolio Yield of 4.8%



Core: Mandates holding securities like the index

Core Plus: Mandates that hold core securities plus higher yielding, riskier securities. Riskier securities include high yield, Non-U.S. and emerging market debt.

Tactical & Diversifying: Mandates with non-index holdings in emerging market debt and high yield as well as non-traditional strategies like long/short credit, dislocation opportunities and emerging market macro.

ABS: Asset Backed Security

CMBS: Commercial Mortgage-Backed Securities

EMD: Emerging Market Debt

ETF: Exchange Traded Fund

HY: High Yield

IG Corp: Investment Grade Corporates

MBS: Residential Mortgage-Backed Securities

NOF: Net of Fee

U.S. TIPS: United States Treasury Inflation Protected Securities

Wilshire



Executive Summary of Investment Performance

As of September 30, 2024

Save the Date! Wilshire Client Conference

Back – and Better Than Ever!



Nearest Airports include Palm Springs (7 miles), Ontario (80 miles), and LAX (130 miles)

The Wilshire Client Conference returns this spring:

- **April 8 and 9, 2025**
- **Ritz Carlton,
Rancho Mirage, California**

Agenda forthcoming, but educational topics include:

- Asset Allocation
- Private Credit
- Private Equity
- Risk Management
- Economic Outlook
- Alternative Yield
- Manager Sourcing
- Emerging Markets

For more information contact: wilshireconference25@wilshire.com

Market Commentary

U.S. Equity

The U.S. stock market was up 6.2% for the third quarter and is up 20.6% for the year-to-date. Sector performance was mostly positive for the quarter, with only the energy sector (-3.0%) producing a loss. The best performing were utilities (+18.7%) and real estate (+17.2%). Small-cap outperformed large-cap by 340 basis points while growth stocks generally underperformed value.

The FOMC reduced their overnight rate by 0.5% at their September meeting, the first decrease since the rate began to rise 2.5 years earlier. While markets expected a cut, the debate was whether it would be 25 or 50 basis points. During his press conference, Federal Reserve Chair Jerome Powell indicated that data released since their prior meeting – including weak employment numbers – may have played a part in the higher rate cut. Looking at job openings versus unemployed workers, the U.S. has recently reached pre-COVID levels. However, the trend has been noticeably and meaningfully negative. In fact, worsening employment conditions played a role in a large decline in consumer confidence near the end of September.

Non-U.S. Equity

Economic growth in the U.K. is modest, but positive, while inflation has moved back to target. Prospects in Germany, Europe's largest economy, are less promising. Recent data shows that German business activity contracted in September at the sharpest pace in seven months, this after economic growth fell during the second quarter. A surge in Chinese stocks followed several announcements from China's central bank and government. Among those is the possible removal of significant restrictions on home purchases.

Fixed Income

The U.S. Treasury yield curve was down across the maturity spectrum during the quarter. The 10-year Treasury yield stood at 3.78%, down -62 basis points. High yield bond spreads were down (-14 bps) to below 3%. The FOMC decreased their overnight rate by -0.50%. Defending the larger rate cut, Fed Chair Jerome Powell said the decision, "reflects our growing confidence that, with an appropriate recalibration of our policy stance, strength in the labor market can be maintained" while the economy continues to expand and inflation moves towards the Fed's target.

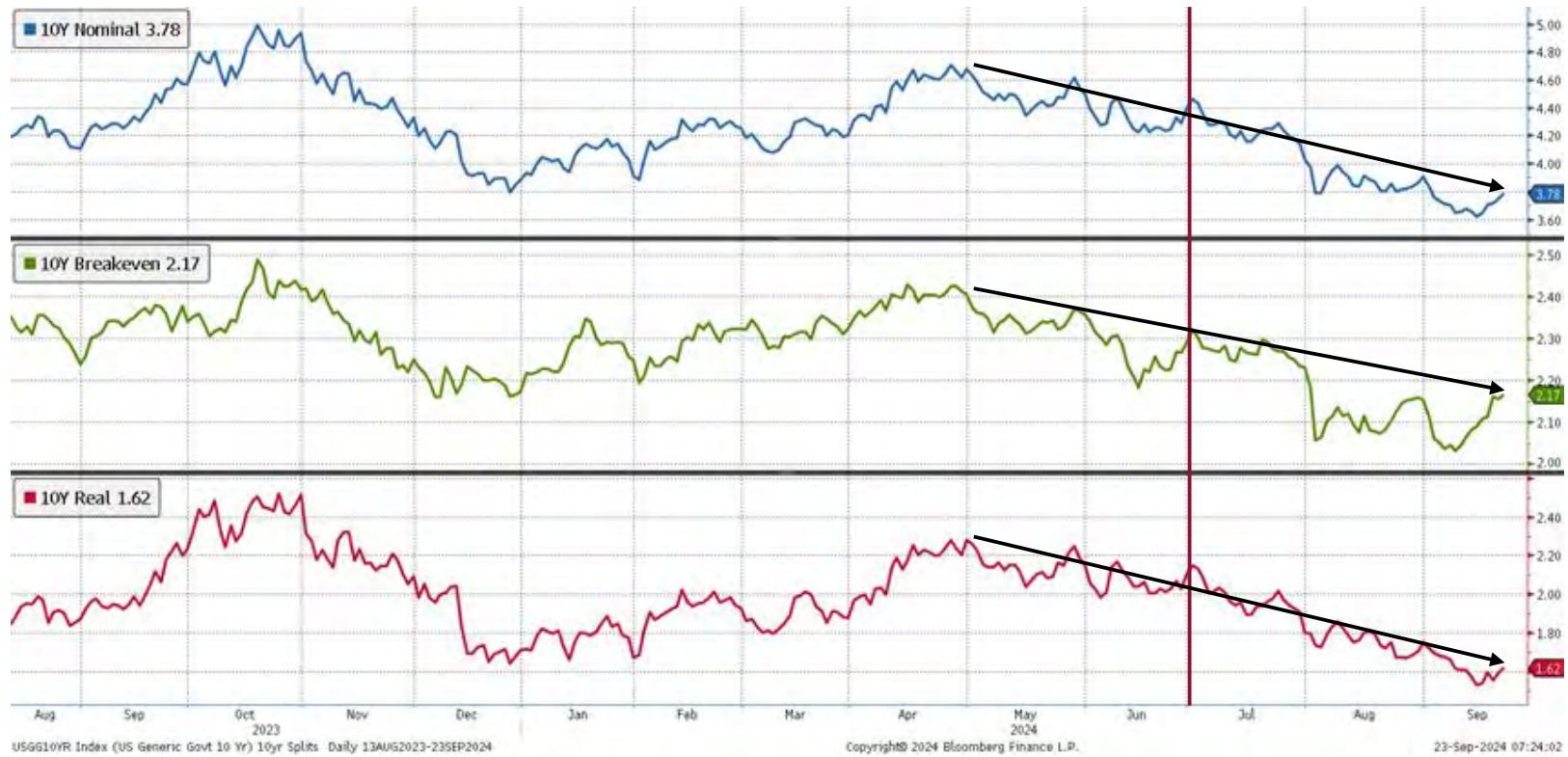
September 2024 Asset Class Assumptions

| | Equity | | | | | | Fixed Income | | | | | | Dev ex-U.S. Bond (Hdg) | Real Assets | | | | | |
|----------------------------------|------------|-------------------|-----------|----------------------|--------------|----------------|--------------|-----------|--------------|-------|------------|----------------|------------------------|-------------|------------|------------|-------|-------------|----------|
| | U.S. Stock | Dev ex-U.S. Stock | Emg Stock | Global ex-U.S. Stock | Global Stock | Private Equity | Cash | Core Bond | LT Core Bond | TIPS | High Yield | Private Credit | | U.S. RES | Global RES | Private RE | Cmdty | Real Assets | U.S. CPI |
| Compound Return (%) | 4.25 | 5.25 | 5.50 | 5.60 | 4.85 | 7.15 | 3.40 | 4.60 | 4.70 | 4.00 | 5.95 | 7.80 | 2.80 | 5.25 | 5.40 | 6.25 | 5.40 | 6.75 | 2.25 |
| Arithmetic Return (%) | 5.60 | 6.75 | 8.50 | 7.25 | 6.20 | 10.90 | 3.40 | 4.70 | 5.15 | 4.15 | 6.40 | 8.55 | 2.90 | 6.65 | 6.65 | 7.15 | 6.60 | 7.50 | 2.25 |
| Risk (%) | 17.00 | 18.00 | 26.00 | 19.00 | 17.05 | 29.65 | 0.75 | 4.70 | 9.85 | 6.00 | 10.00 | 12.75 | 4.00 | 17.50 | 16.45 | 13.90 | 16.00 | 12.60 | 1.75 |
| Yield (%) | 1.30 | 2.95 | 2.35 | 2.80 | 1.85 | 0.00 | 3.40 | 5.10 | 5.15 | 4.40 | 9.35 | 4.85 | 3.70 | 3.60 | 3.60 | 2.70 | 3.40 | 3.50 | 0.00 |
| Growth Factor Exposure | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 14.00 | 0.00 | -0.90 | -2.40 | -3.00 | 4.00 | 5.10 | -1.00 | 6.00 | 6.00 | 3.50 | 0.00 | 2.75 | 0.00 |
| Inflation Factor Exposure | -3.00 | -1.00 | 3.00 | 0.10 | -1.85 | -4.25 | 0.00 | -2.55 | -6.85 | 2.50 | -1.00 | -1.50 | -3.00 | 1.00 | 1.80 | 1.00 | 12.00 | 5.35 | 1.00 |

Correlations

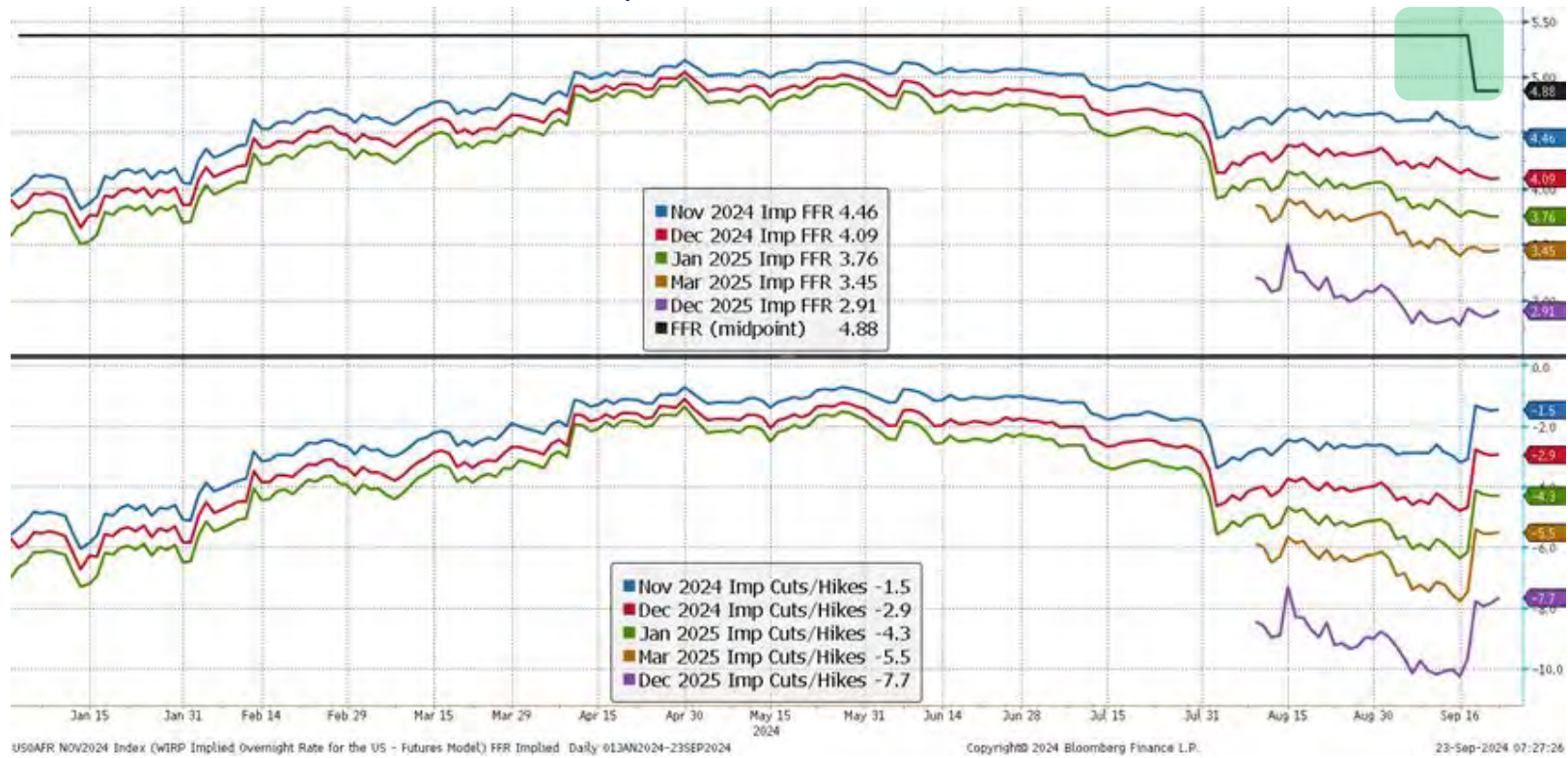
| | | | | | | | | | | | | | | | | | | | |
|--------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|------|-------|------|------|------|------|------|------|
| U.S. Stock | 1.00 | | | | | | | | | | | | | | | | | | |
| Dev ex-U.S. Stock (USD) | 0.81 | 1.00 | | | | | | | | | | | | | | | | | |
| Emerging Mkt Stock | 0.74 | 0.74 | 1.00 | | | | | | | | | | | | | | | | |
| Global ex-U.S. 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 | 0.67 | 0.55 | 0.57 | 0.59 | 0.67 | 0.44 | 0.00 | 0.24 | 0.30 | 0.00 | 0.75 | 1.00 | | | | | | | |
| Dev ex-U.S. Bond (Hdg) | 0.16 | 0.25 | -0.01 | 0.16 | 0.17 | 0.26 | 0.10 | 0.67 | 0.65 | 0.39 | 0.26 | 0.22 | 1.00 | | | | | | |
| U.S. RE Securities | 0.57 | 0.47 | 0.44 | 0.49 | 0.56 | 0.49 | -0.05 | 0.17 | 0.22 | 0.10 | 0.56 | 0.61 | 0.05 | 1.00 | | | | | |
| Global RE Securities | 0.63 | 0.56 | 0.54 | 0.59 | 0.64 | 0.55 | -0.05 | 0.17 | 0.21 | 0.11 | 0.60 | 0.67 | 0.04 | 0.97 | 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 | 0.57 | 0.62 | 0.05 | 0.78 | 0.77 | 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 | 0.61 | 0.62 | 0.66 | 0.68 | 0.66 | 0.56 | -0.03 | 0.24 | 0.26 | 0.32 | 0.64 | 0.69 | 0.05 | 0.78 | 0.83 | 0.76 | 0.62 | 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 | 0.21 | 1.00 |

Rates Down (Real & BEI)



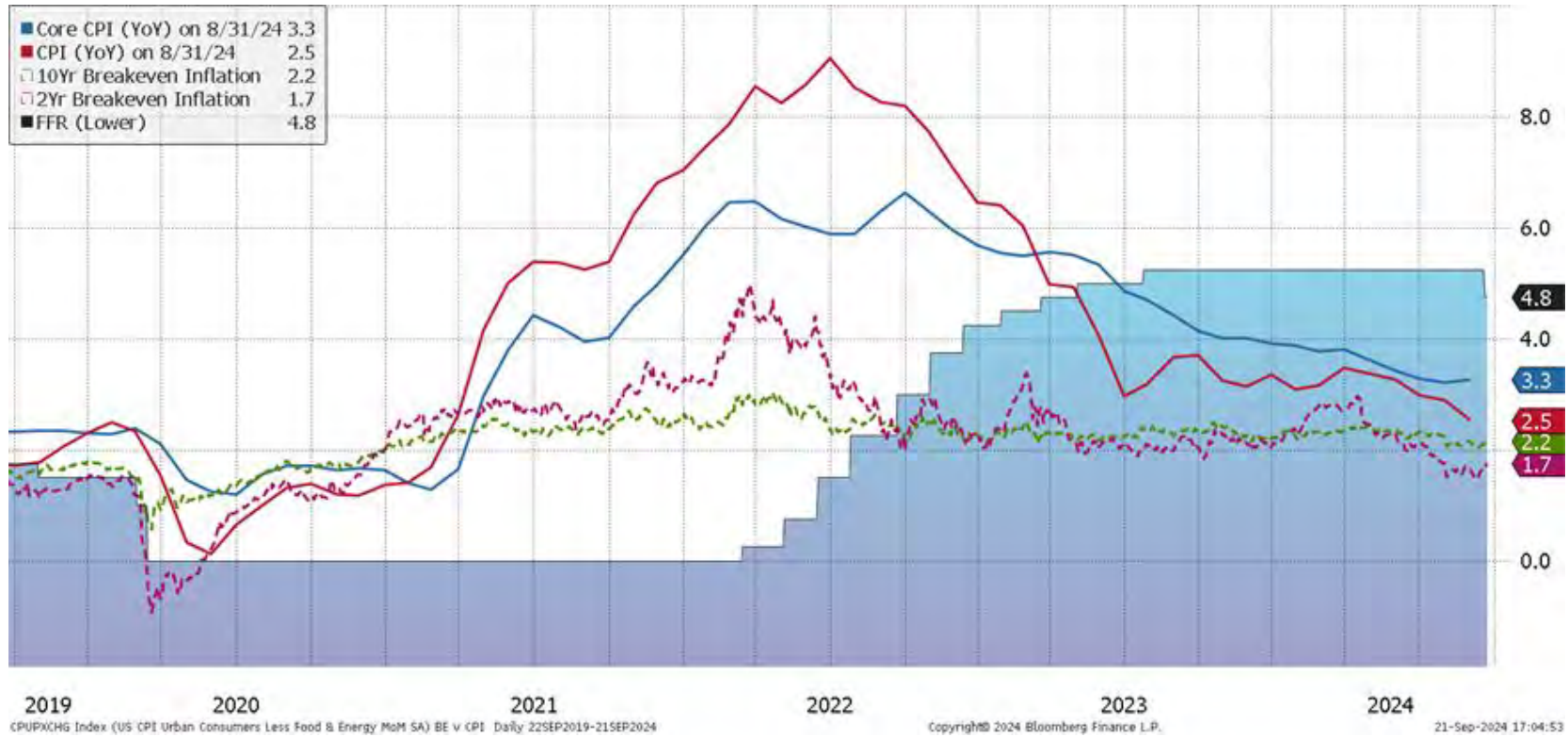
Data Source: Bloomberg

Fed Funds Rate: Markets Expectations



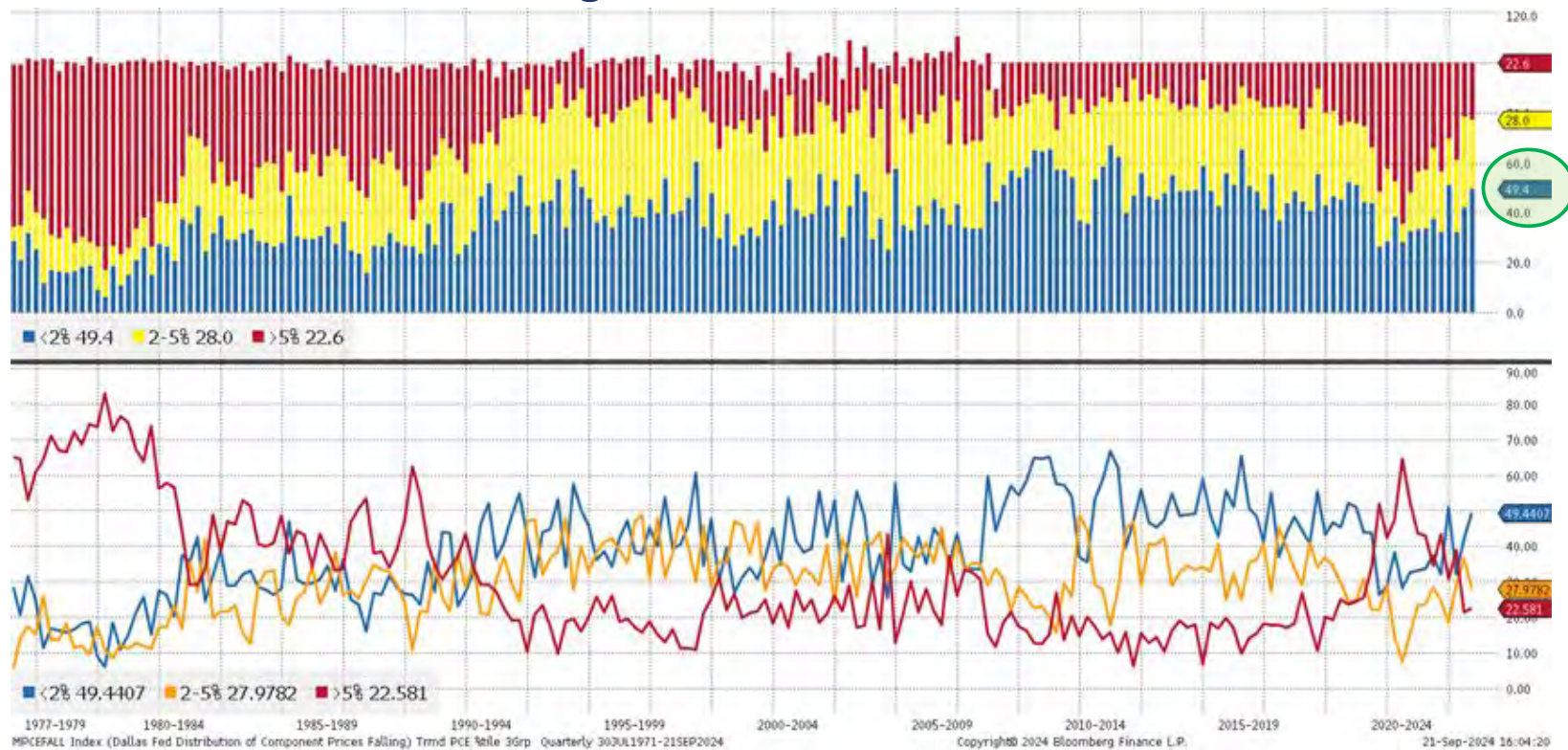
Data Source: Bloomberg

Inflation Summary



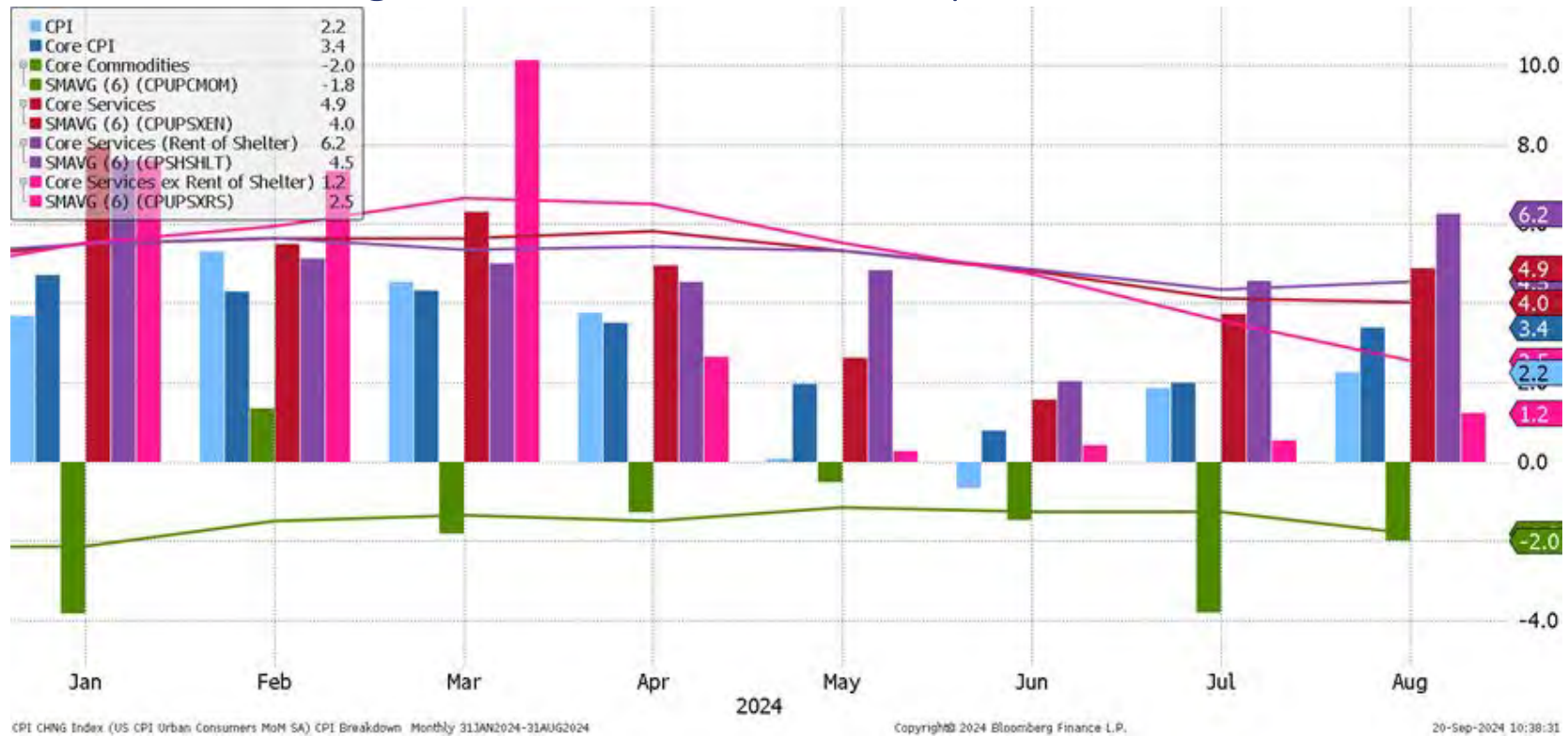
Data Source: Bloomberg

Inflation: Trimmed PCE Segmentation



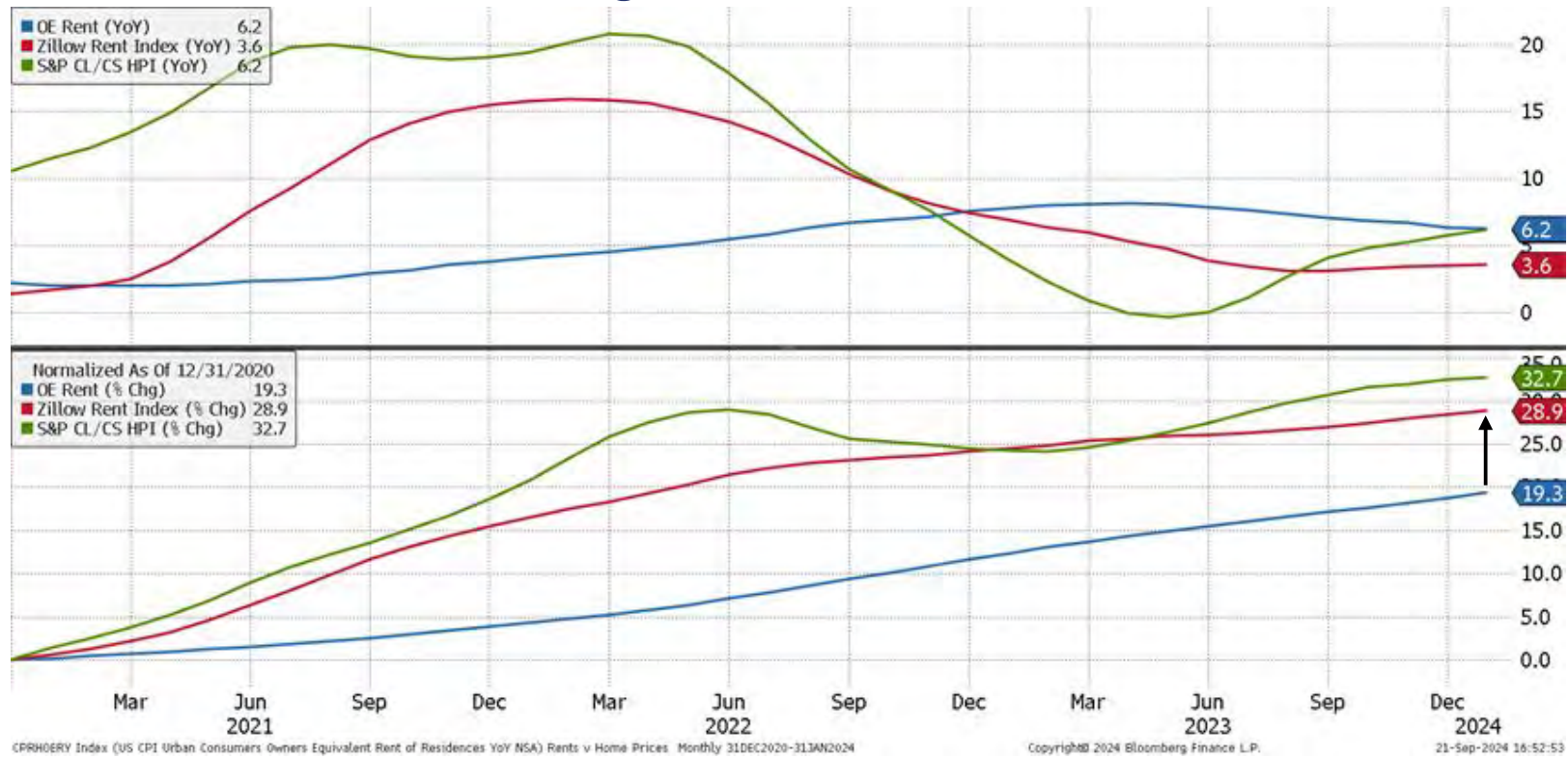
Data Source: Bloomberg

Inflation: Housing Remains the Once “Hot Spot”



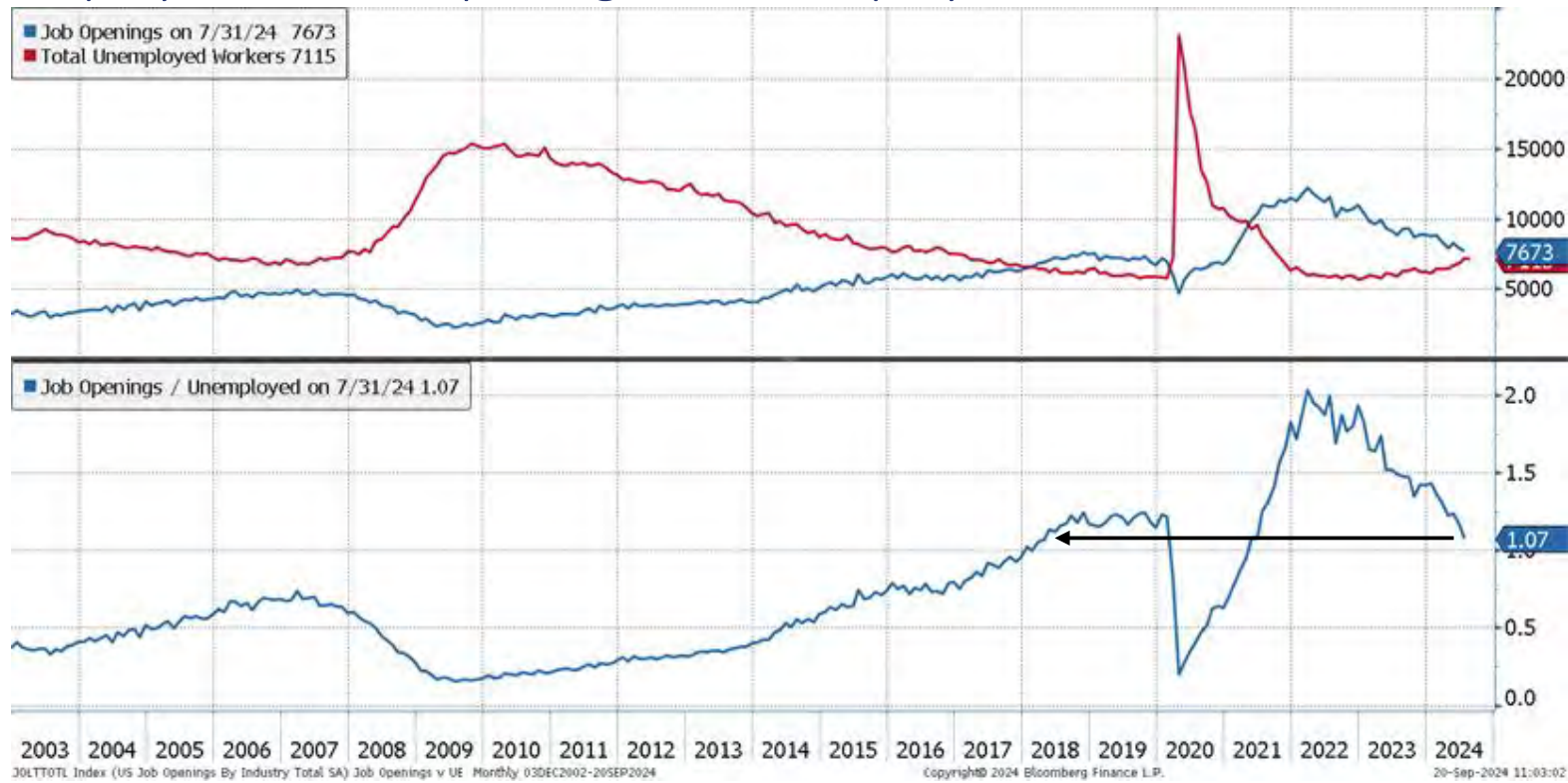
Data Source: Bloomberg

Inflation: Rent of Shelter Lags Other Relevant Price Indexes



Data Source: Bloomberg

Employment: Job Openings vs. Unemployed



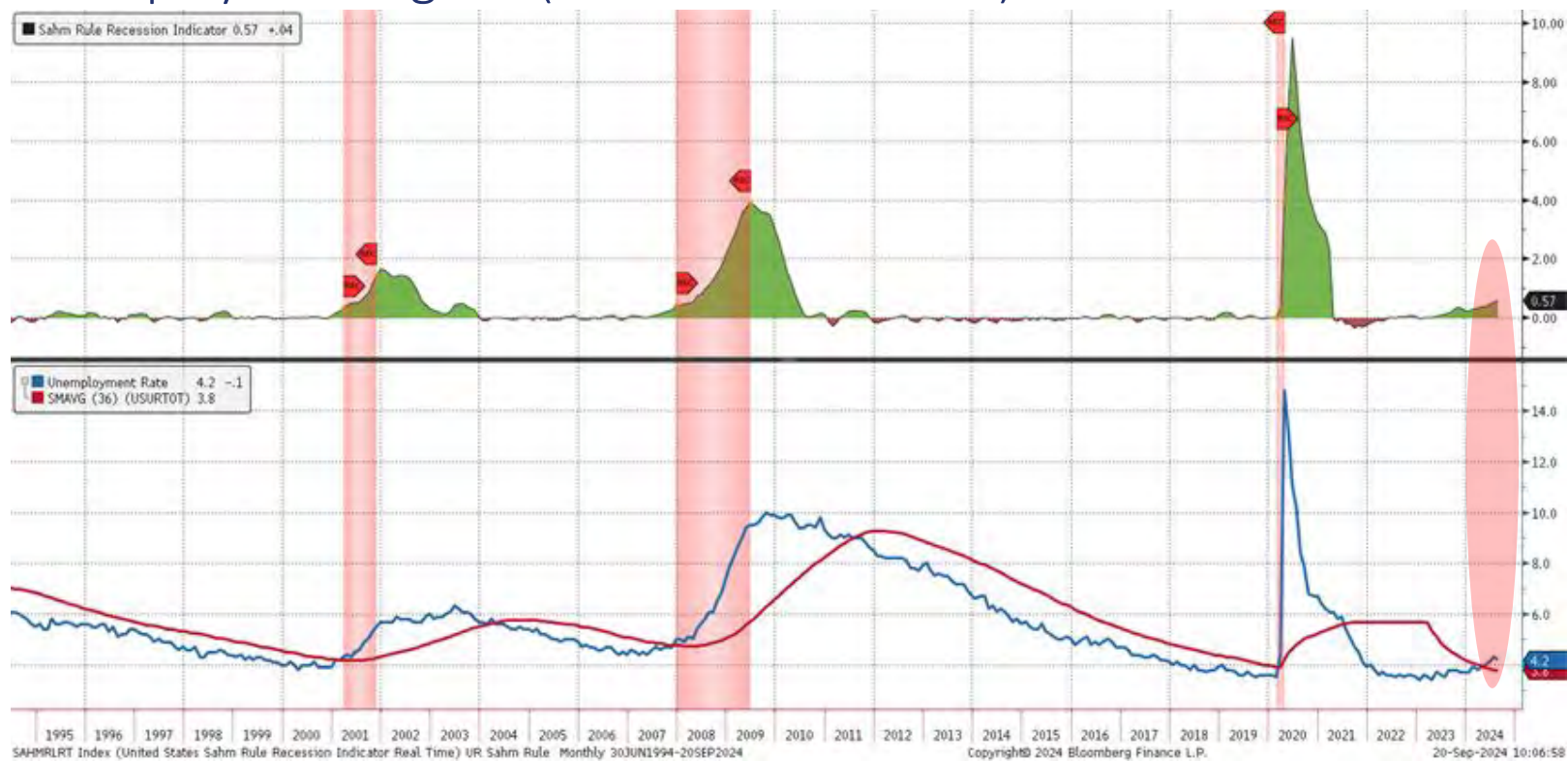
Data Source: Bloomberg

Employment: Claims Remain Contained



Data Source: Bloomberg

Unemployment Signals (Sahm & DoubleLine)



Data Source: Bloomberg

VIX Pricing

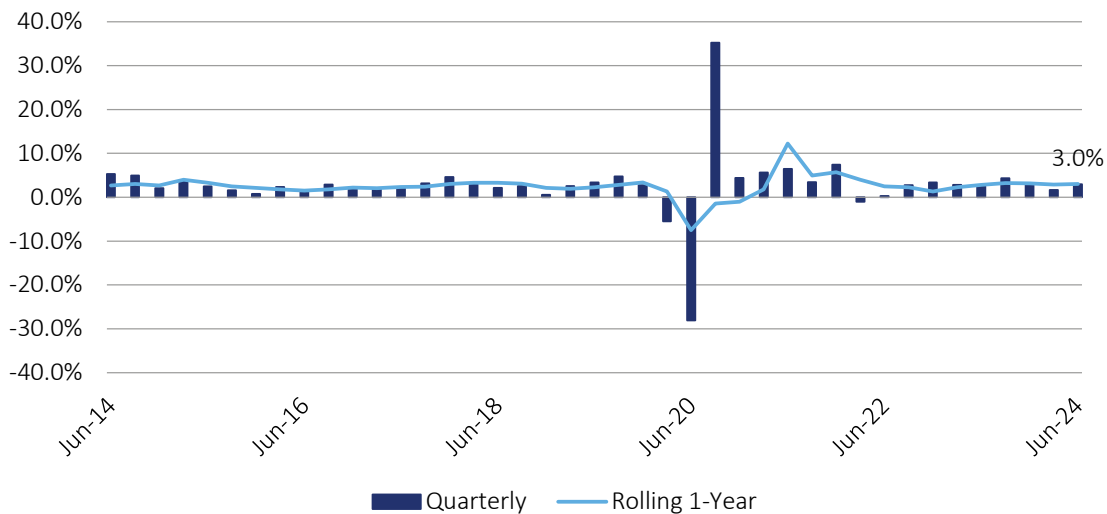


Data Source: Bloomberg

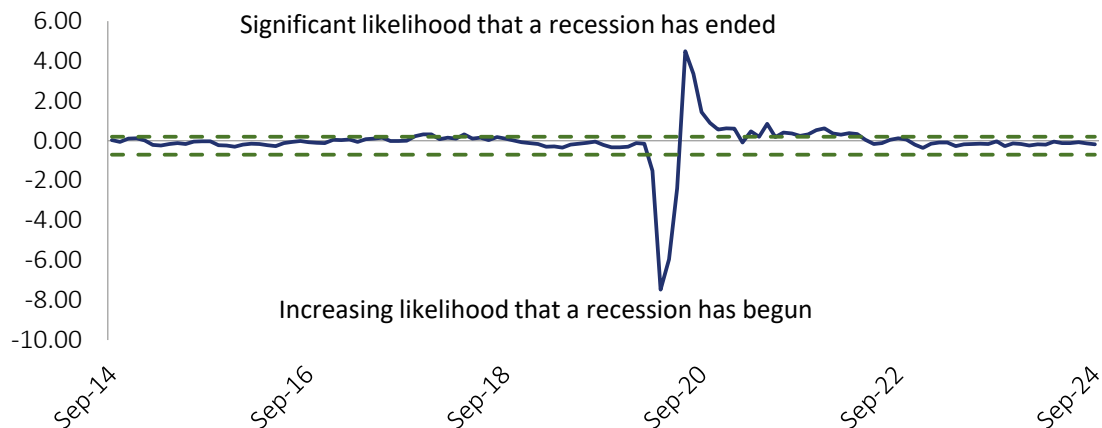
Economic/Market Activity

Economic Growth

Real GDP Growth



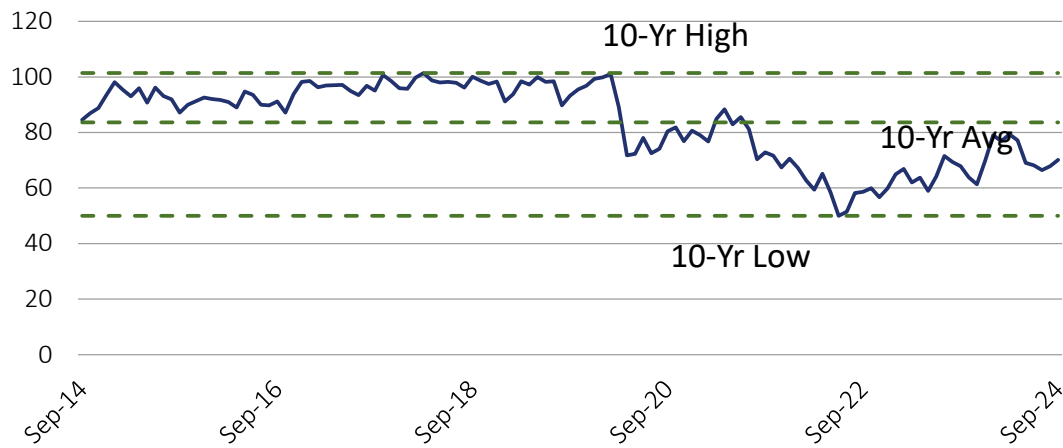
Chicago Fed. National Activity Index (3M MA)



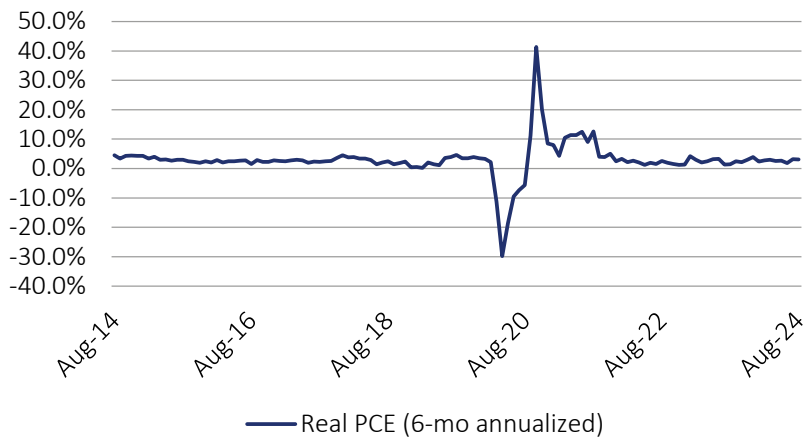
Data Source: Bloomberg

Consumer Activity

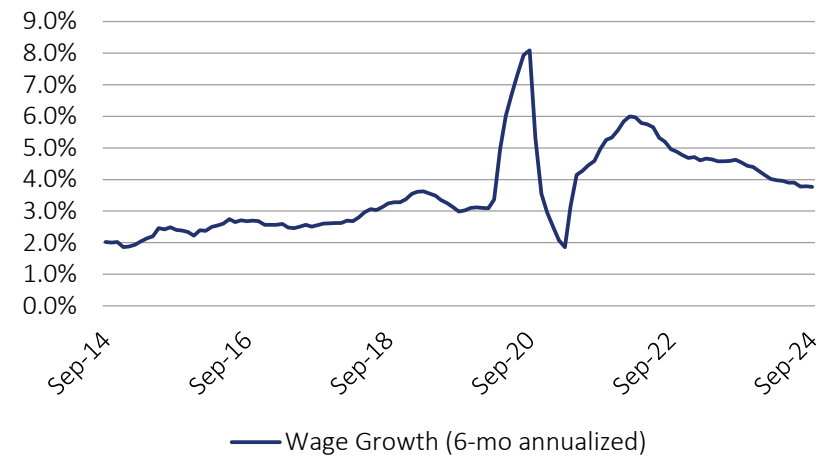
University of Michigan: Consumer Sentiment



Real Personal Consumption Expenditures

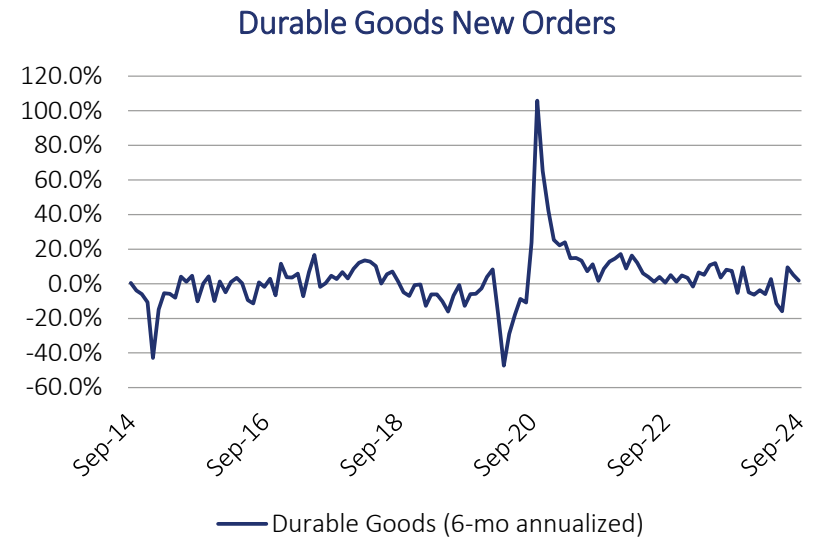
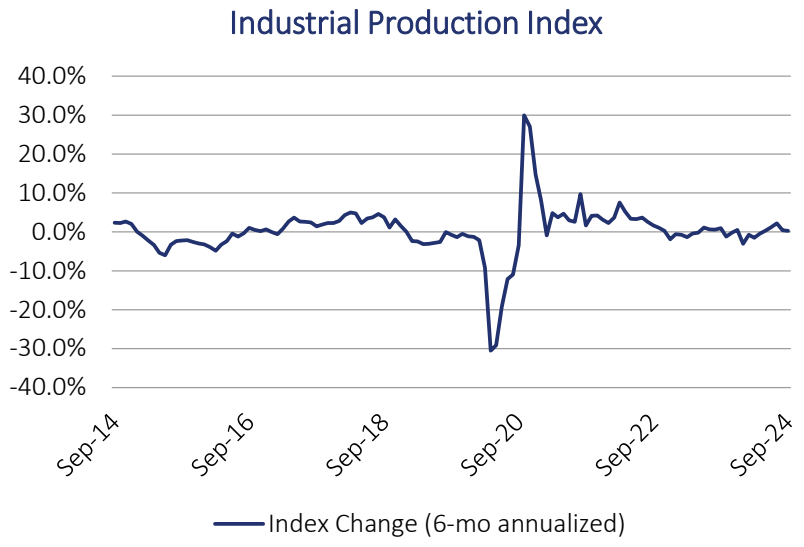
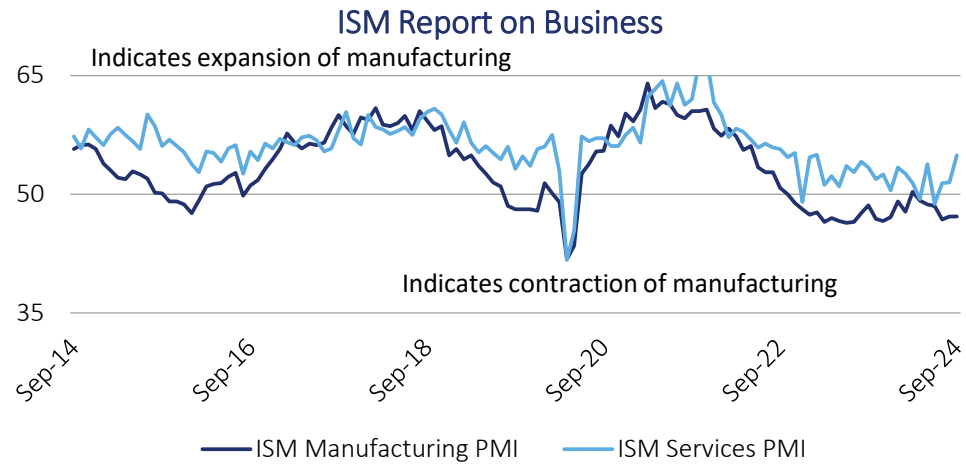


Average Hourly Earnings



Data Source: Bloomberg

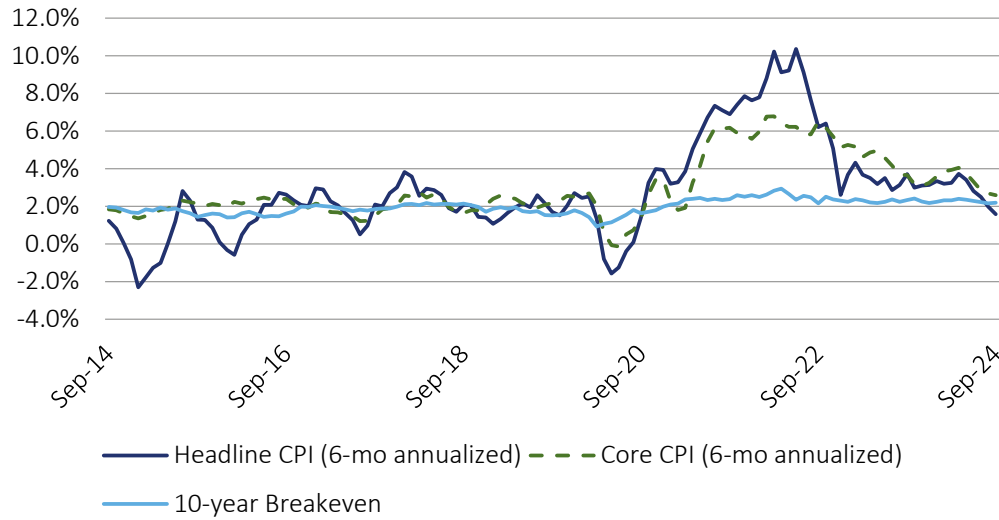
Business Activity



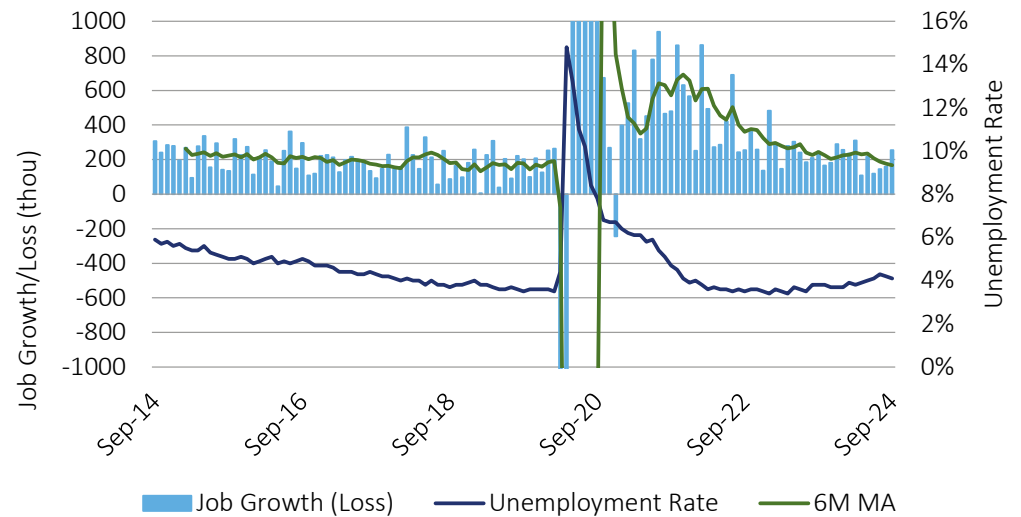
Data Source: Bloomberg

Inflation and Employment

Inflation: Actual & Expected



Employment Gains/Losses

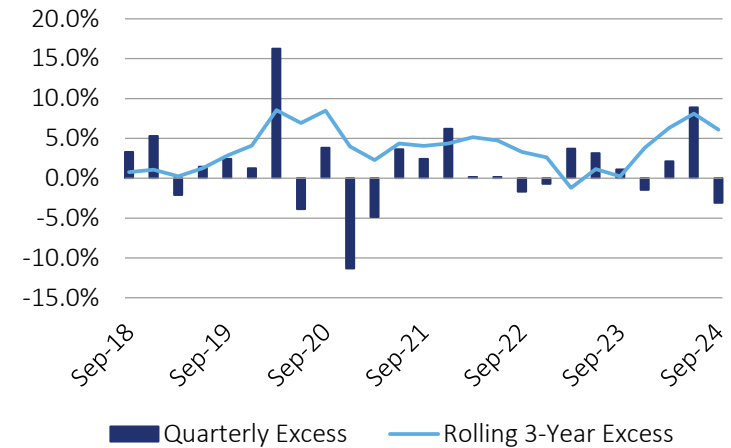


Data Source: Bloomberg

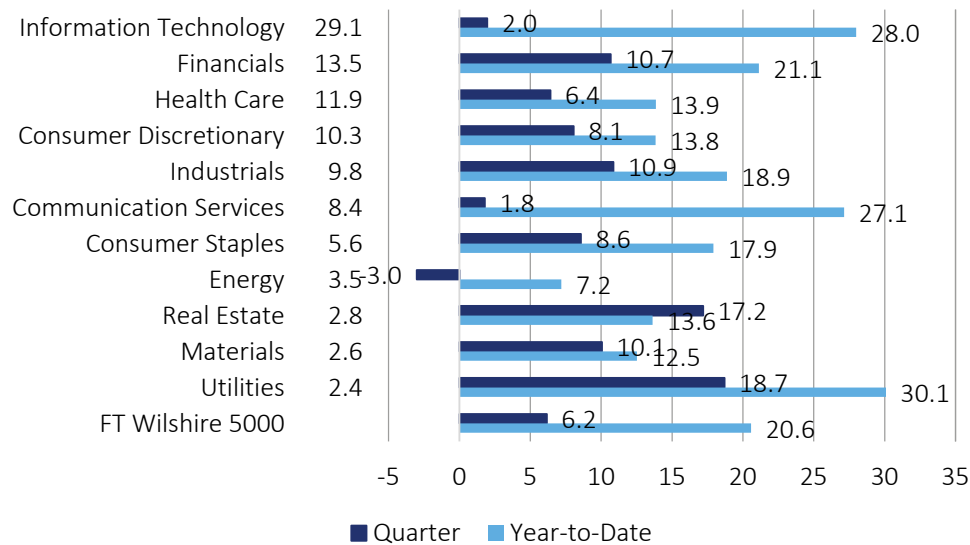
U.S. Equity Market

| As of 9/30/2024 | Quarter | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-------------------------------|---------|------|--------|--------|--------|---------|
| FT Wilshire 5000 | 6.2 | 20.6 | 35.2 | 10.5 | 15.5 | 13.0 |
| FT Wilshire U.S. Large Cap | 5.8 | 21.8 | 36.3 | 11.5 | 16.2 | 13.4 |
| FT Wilshire U.S. Small Cap | 9.1 | 13.0 | 28.3 | 5.1 | 11.0 | 9.8 |
| FT Wilshire U.S. Large Growth | 3.0 | 26.4 | 45.0 | 12.0 | 19.9 | n/a |
| FT Wilshire U.S. Large Value | 8.8 | 17.2 | 27.8 | 10.6 | 12.0 | n/a |
| FT Wilshire U.S. Small Growth | 8.5 | 12.8 | 27.3 | 2.1 | 10.0 | n/a |
| FT Wilshire U.S. Small Value | 9.8 | 13.2 | 29.2 | 7.9 | 11.6 | n/a |
| Wilshire REIT Index | 15.2 | 14.9 | 33.6 | 4.6 | 5.4 | 7.8 |
| MSCI USA Min. Vol. Index | 9.3 | 18.7 | 27.9 | 9.3 | 9.3 | 11.5 |
| FTSE RAFI U.S. 1000 Index | 7.7 | 17.5 | 30.6 | 11.2 | 14.2 | 11.4 |

Large Cap vs. Small Cap

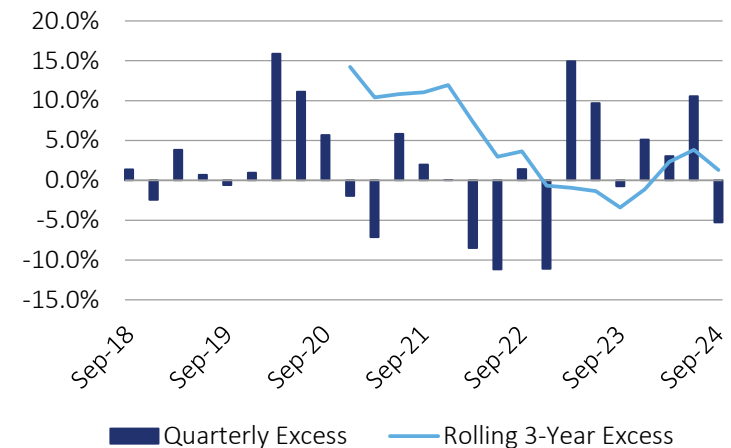


U.S. Sector Weight and Return (%)



Data Sources: Bloomberg, Wilshire Atlas

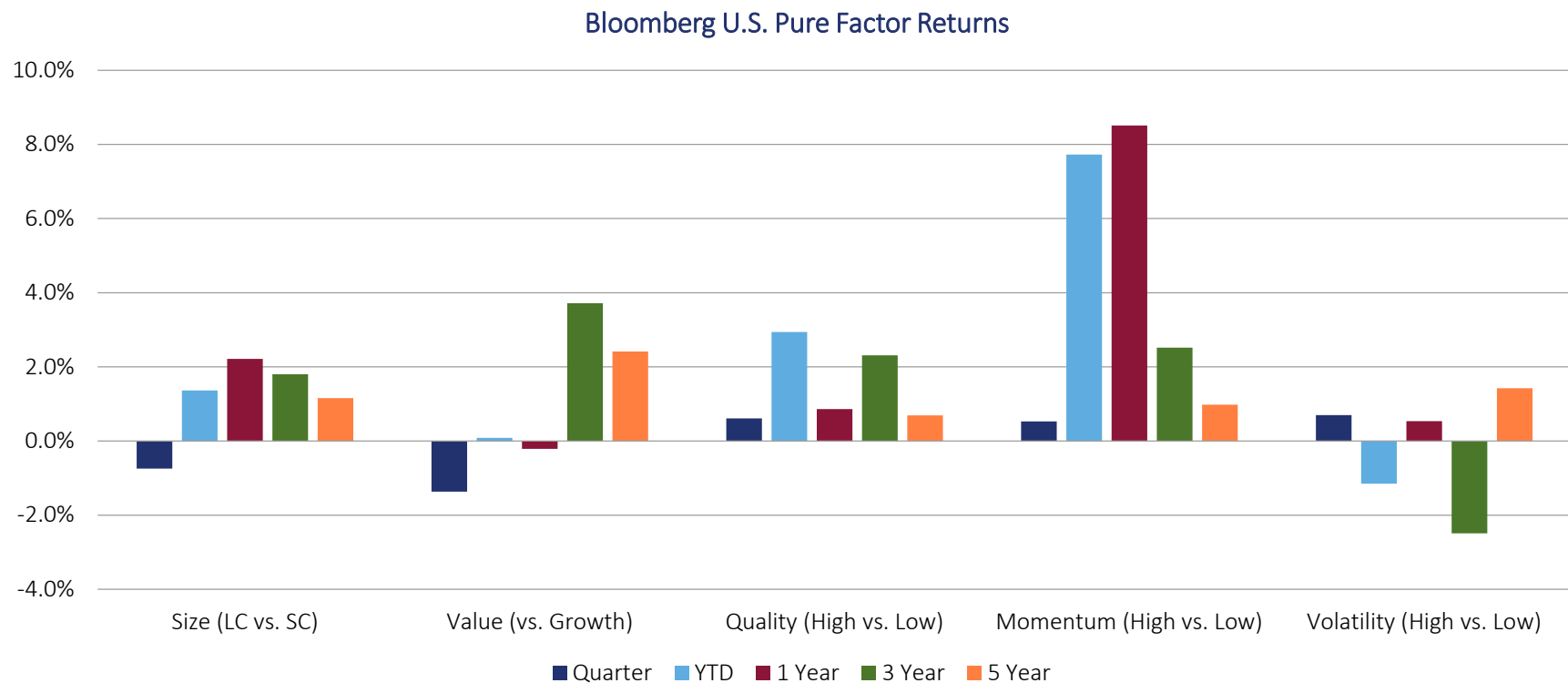
Large Growth vs Large Value



U.S. Factor Returns

Factor returns represent the contribution from large cap, value, etc. stocks within Bloomberg's Portfolio & Risk Analytics module

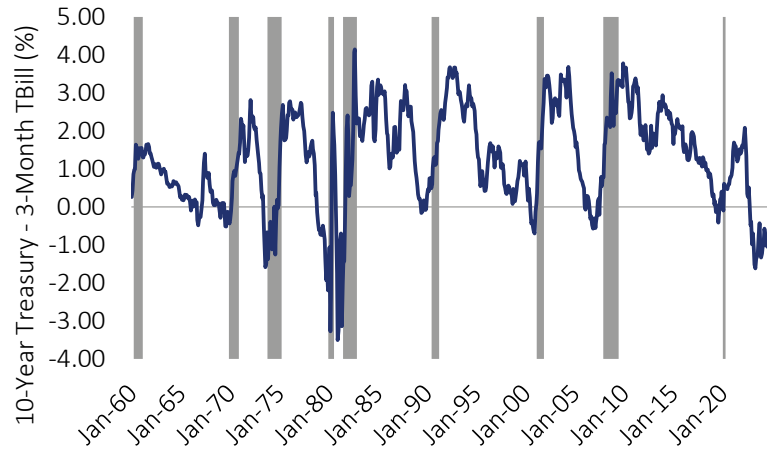
Value detracted from returns meaningfully for the quarter but is a positive contributor for the 3 and 5 year periods



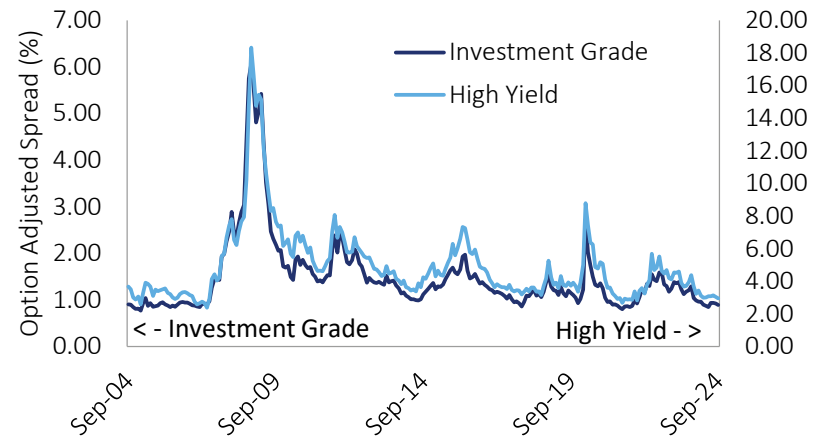
Data Source: Bloomberg

Risk Monitor

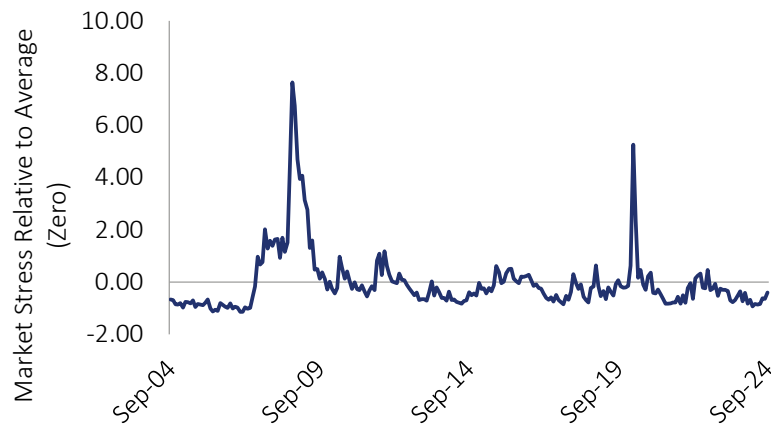
Yield Curve Slope vs Recessions (IN GRAY)



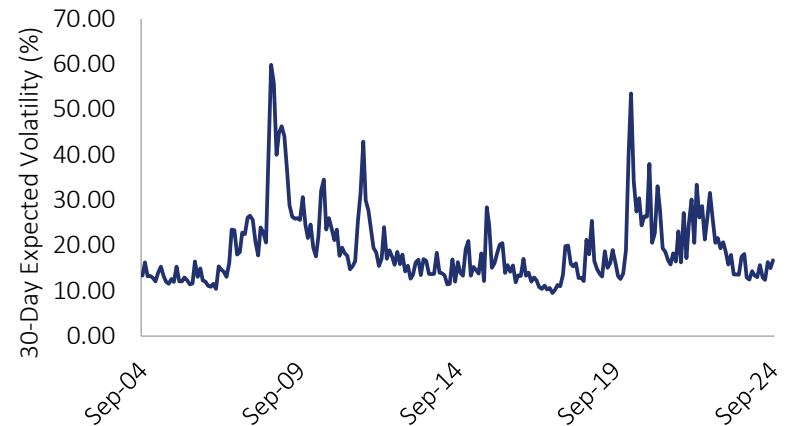
Bloomberg Credit Indexes



St. Louis Fed. Financial Stress Index



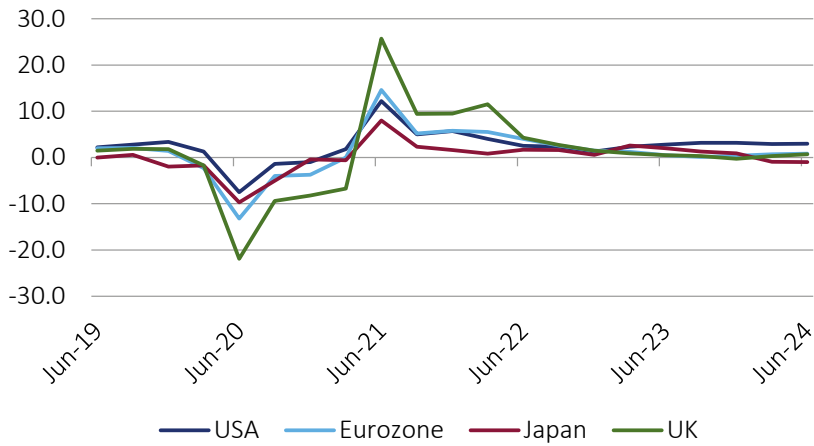
CBOE Volatility Index



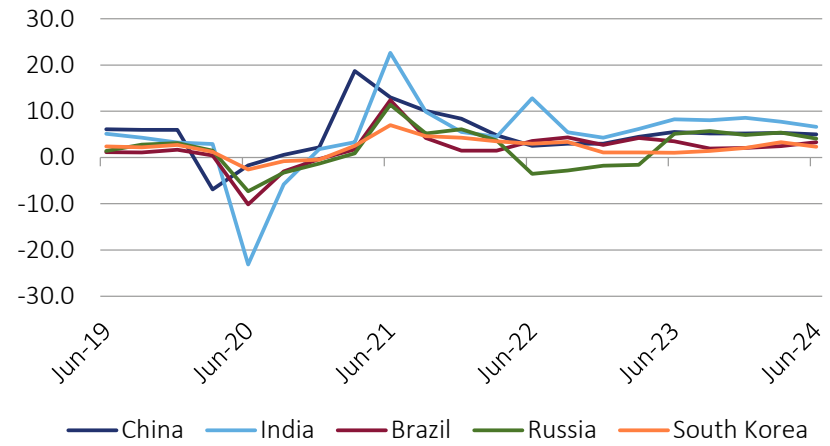
Data Source: Bloomberg

Non-U.S. Growth and Inflation

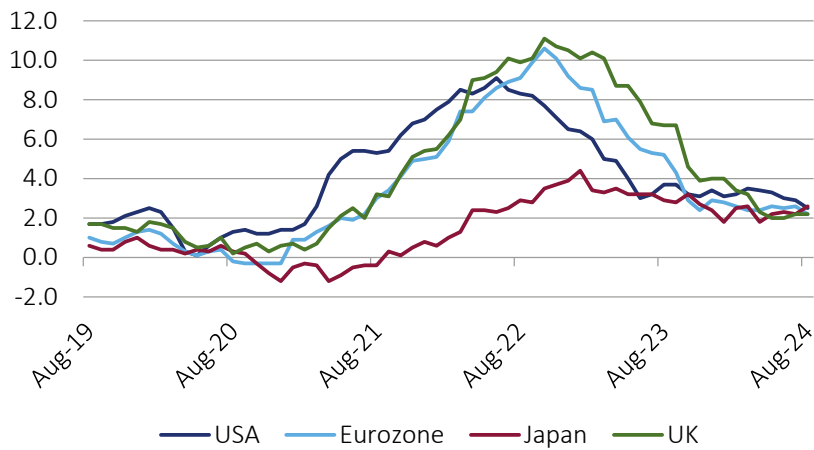
Developed Markets Real GDP Growth YoY (%)



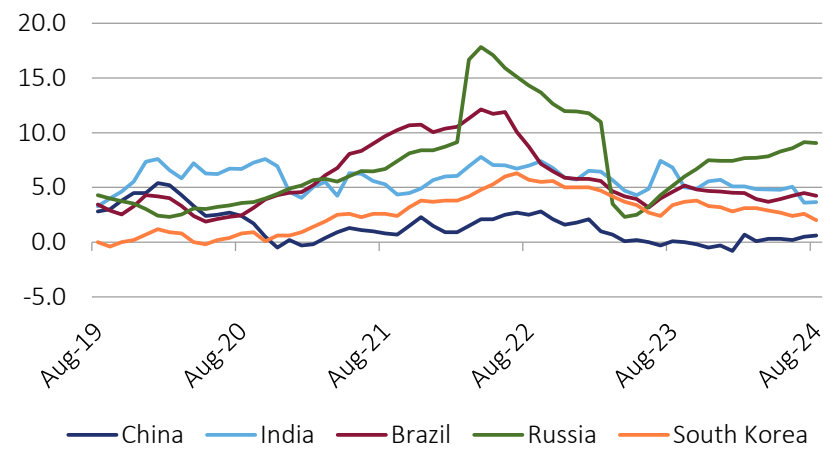
Emerging Markets Real GDP Growth YoY (%)



Developed Markets CPI Growth YoY (%)



Emerging Markets CPI Growth YoY (%)

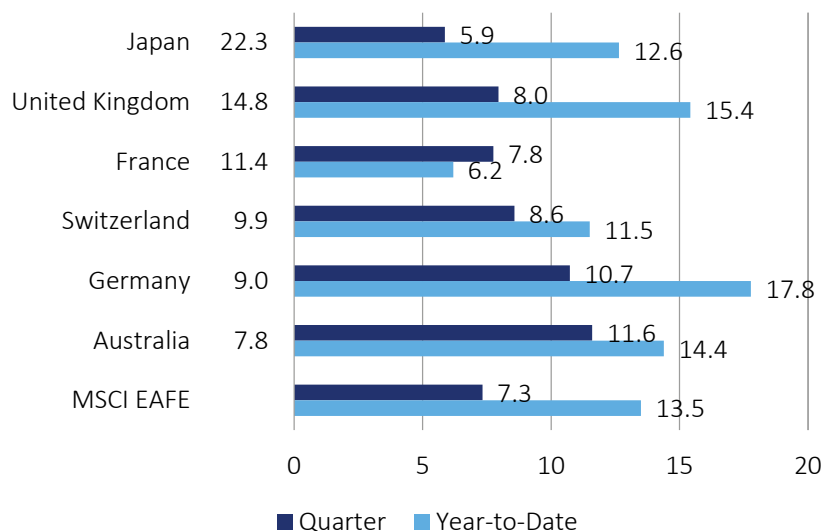


Data Source: Bloomberg

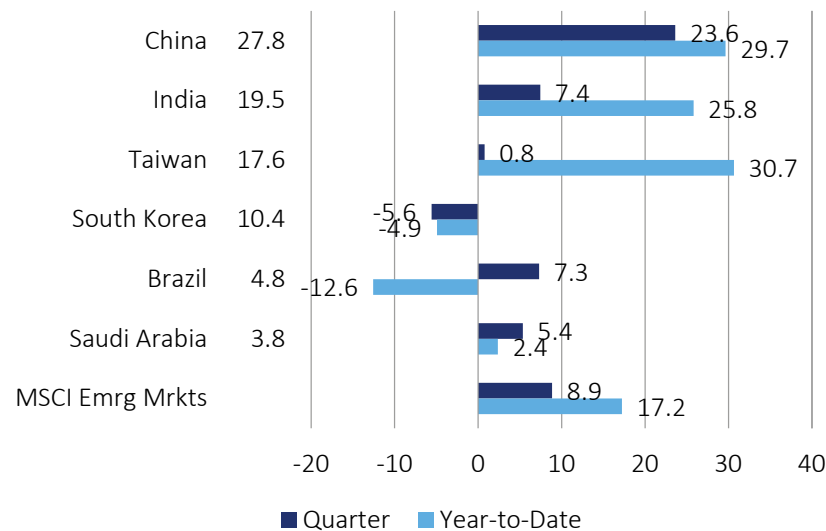
Non-U.S. Equity Market

| As of 9/30/2024 | Quarter | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|------------------------------|---------|------|--------|--------|--------|---------|
| MSCI ACWI ex-US (\$G) | 8.2 | 14.7 | 26.0 | 4.7 | 8.1 | 5.7 |
| MSCI EAFE (\$G) | 7.3 | 13.5 | 25.4 | 6.0 | 8.7 | 6.2 |
| MSCI Emerging Markets (\$G) | 8.9 | 17.2 | 26.5 | 0.8 | 6.1 | 4.4 |
| MSCI Frontier Markets (\$G) | 8.5 | 12.5 | 21.0 | 2.0 | 2.5 | 0.2 |
| MSCI ACWI ex-US Growth (\$G) | 7.0 | 14.3 | 27.1 | 1.1 | 7.4 | 6.3 |
| MSCI ACWI ex-US Value (\$G) | 9.4 | 14.9 | 24.9 | 7.8 | 8.6 | 5.1 |
| MSCI ACWI ex-US Small (\$G) | 9.0 | 12.4 | 23.8 | 1.9 | 8.7 | 6.5 |
| MSCI ACWI Minimum Volatility | 10.0 | 15.9 | 23.5 | 6.4 | 6.7 | 8.4 |
| MSCI EAFE Minimum Volatility | 11.2 | 13.7 | 22.0 | 3.8 | 4.3 | 5.6 |
| FTSE RAFI Developed ex-US | 7.7 | 12.8 | 23.6 | 7.8 | 9.5 | 5.8 |
| MSCI EAFE LC (G) | 0.9 | 12.5 | 18.1 | 8.5 | 9.3 | 7.9 |
| MSCI Emerging Markets LC (G) | 6.8 | 18.7 | 25.4 | 3.3 | 7.8 | 6.9 |

Developed Markets Weight and Return (%)



Emerging Markets Weight and Return (%)

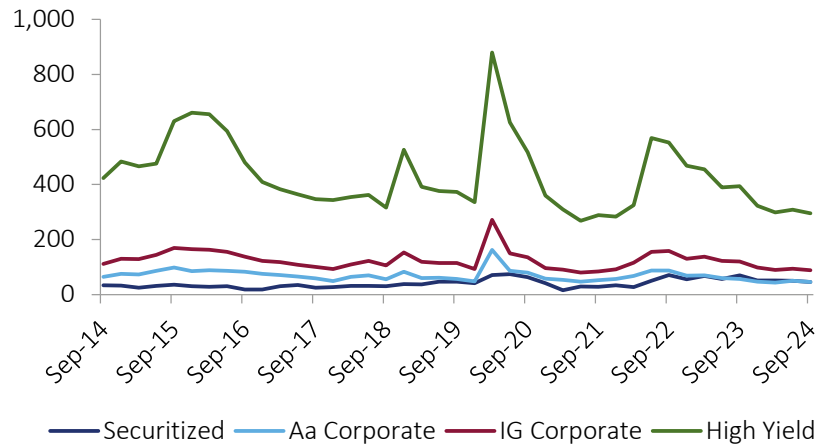


Data Source: Bloomberg

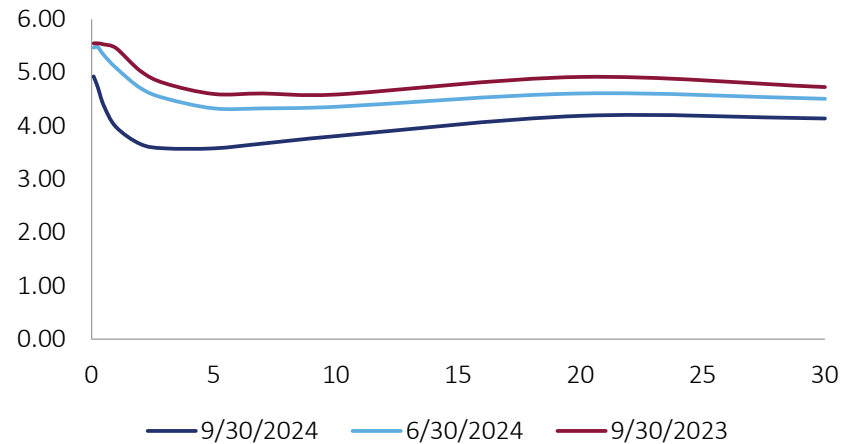
U.S. Fixed Income

| As of 9/30/2024 | YTW | Dur. | QTR | YTD | 1 YR | 3 YR | 5 YR | 10 YR |
|---------------------------|-----|------|-----|-----|------|------|------|-------|
| Bloomberg Aggregate | 4.2 | 6.2 | 5.2 | 4.4 | 11.6 | -1.4 | 0.3 | 1.8 |
| Bloomberg Treasury | 3.8 | 6.1 | 4.7 | 3.8 | 9.7 | -1.8 | -0.2 | 1.3 |
| Bloomberg Gov't-Rel. | 4.3 | 5.5 | 4.6 | 4.6 | 10.3 | -0.5 | 0.6 | 2.0 |
| Bloomberg Securitized | 4.5 | 5.6 | 5.4 | 4.6 | 12.2 | -1.1 | 0.1 | 1.5 |
| Bloomberg Corporate | 4.7 | 7.2 | 5.8 | 5.3 | 14.3 | -1.2 | 1.2 | 2.9 |
| Bloomberg LT Gov't/Credit | 4.7 | 14.2 | 8.0 | 3.5 | 17.2 | -6.2 | -2.0 | 2.3 |
| Bloomberg LT Treasury | 4.2 | 15.4 | 7.8 | 2.4 | 15.4 | -8.4 | -4.3 | 1.1 |
| Bloomberg LT Gov't-Rel. | 5.2 | 11.9 | 7.2 | 4.5 | 16.3 | -3.6 | -1.1 | 2.7 |
| Bloomberg LT Corporate | 5.2 | 13.1 | 8.2 | 4.5 | 19.2 | -4.3 | -0.3 | 3.3 |
| Bloomberg U.S. TIPS* | 3.7 | 7.3 | 4.1 | 4.9 | 9.8 | -0.6 | 2.6 | 2.5 |
| Bloomberg High Yield | 7.0 | 2.9 | 5.3 | 8.0 | 15.7 | 3.1 | 4.7 | 5.0 |
| S&P/LSTA Leveraged Loan | 8.9 | 0.3 | 2.0 | 6.5 | 9.6 | 6.5 | 5.7 | 4.9 |
| Treasury Bills | 4.6 | 0.3 | 1.4 | 4.1 | 5.6 | 3.5 | 2.3 | 1.7 |

Fixed Income Option Adjusted Spread (bps)



Treasury Yield Curve (%)



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

Data Source: Bloomberg

Federal Reserve

The Federal Open Market Committee decreased their overnight rate by 0.50% at their September meeting

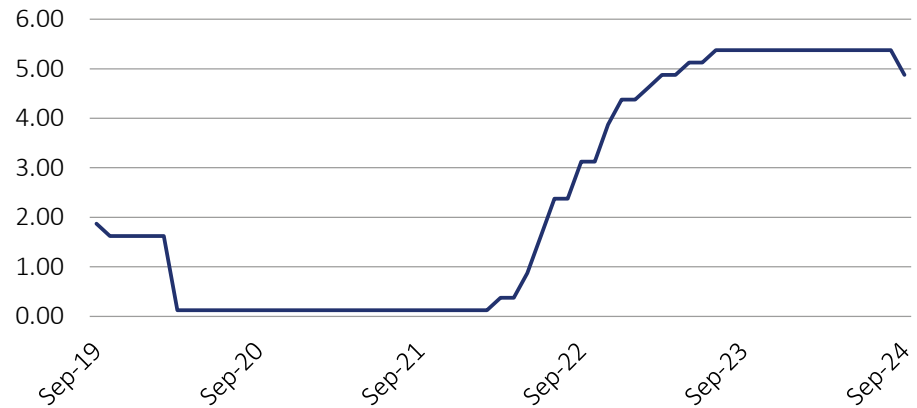
QE4 was larger than the 3 phases of quantitative easing – combined – following the global financial crisis

The Fed’s balance sheet has begun to shrink again during the past year

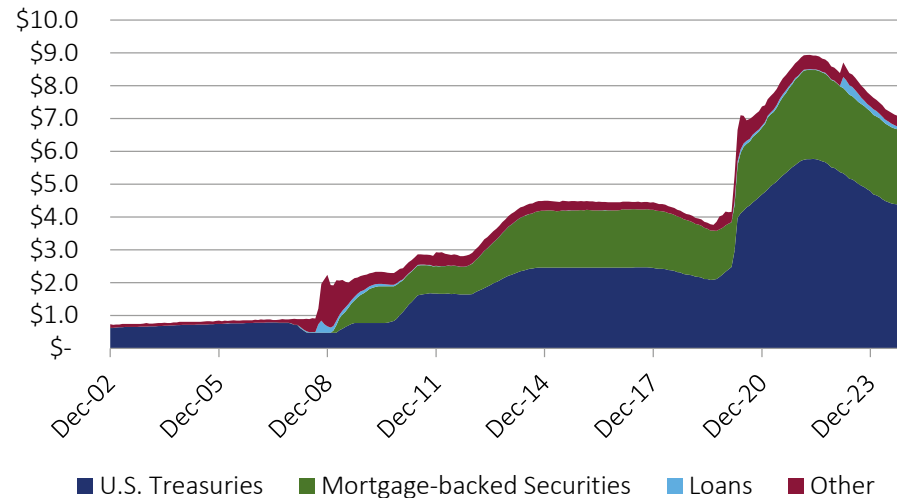
| | Announced | Closed | Amount (bil) |
|-----|------------|------------|--------------|
| QE1 | 11/25/2008 | 3/31/2010 | \$1,403 |
| QE2 | 11/3/2010 | 6/29/2012 | \$568 |
| QE3 | 9/13/2012 | 10/29/2014 | \$1,674 |
| QE4 | 3/23/2020 | 3/15/2022 | \$4,779 |

Data Source: Bloomberg

Federal Funds Rate (Mid %)



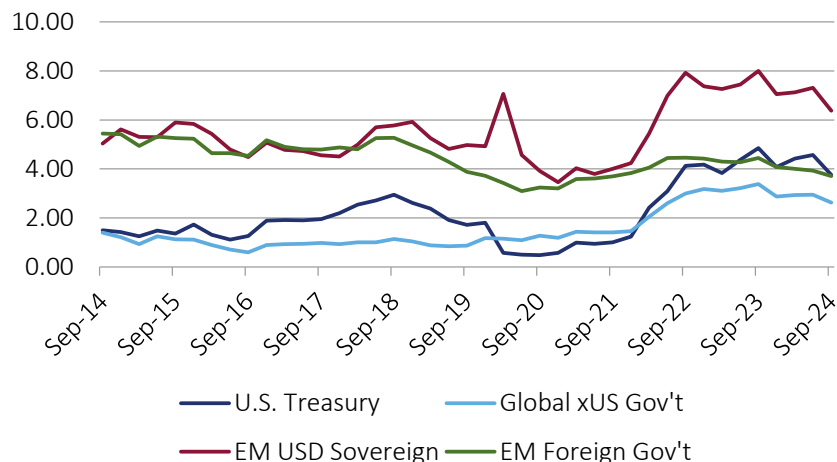
Federal Reserve Balance Sheet (\$T)



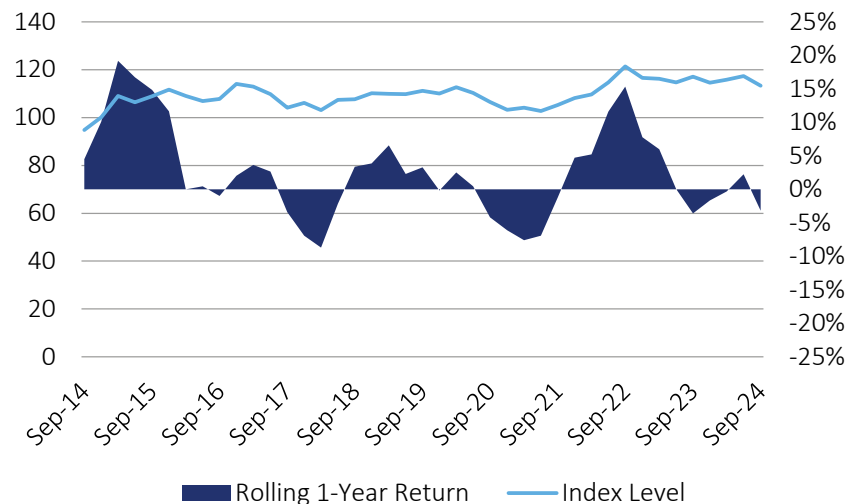
Non-U.S. Fixed Income

| As of 9/30/2024 | Quarter | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|--|---------|------|--------|--------|--------|---------|
| Developed Markets | | | | | | |
| Bloomberg Global Aggregate xUS | 8.5 | 2.8 | 12.3 | -4.4 | -1.9 | -0.5 |
| Bloomberg Global Aggregate xUS* | 3.5 | 4.2 | 9.8 | 0.6 | 0.6 | 2.6 |
| Bloomberg Global Inflation Linked xUS | 7.5 | 1.8 | 13.9 | -7.5 | -2.7 | -0.4 |
| Bloomberg Global Inflation Linked xUS* | 2.5 | 0.1 | 7.6 | -4.9 | -2.1 | 2.4 |
| Emerging Markets (Hard Currency) | | | | | | |
| Bloomberg EM USD Aggregate | 5.8 | 8.2 | 16.9 | -0.2 | 1.4 | 3.2 |
| Emerging Markets (Foreign Currency) | | | | | | |
| Bloomberg EM Local Currency Gov't | 7.0 | 5.7 | 13.0 | 1.3 | 2.2 | 1.7 |
| Bloomberg EM Local Currency Gov't* | 3.2 | 7.0 | 11.2 | 4.0 | 2.9 | 3.3 |
| Euro vs. Dollar | 3.9 | 0.9 | 5.3 | -1.3 | 0.4 | -1.3 |
| Yen vs. Dollar | 12.0 | -1.8 | 4.0 | -8.2 | -5.5 | -2.7 |
| Pound vs. Dollar | 5.8 | 5.1 | 9.6 | -0.2 | 1.7 | -1.9 |

Global Fixed Income Yield to Worst (%)



U.S. Dollar Index: Advanced Economies

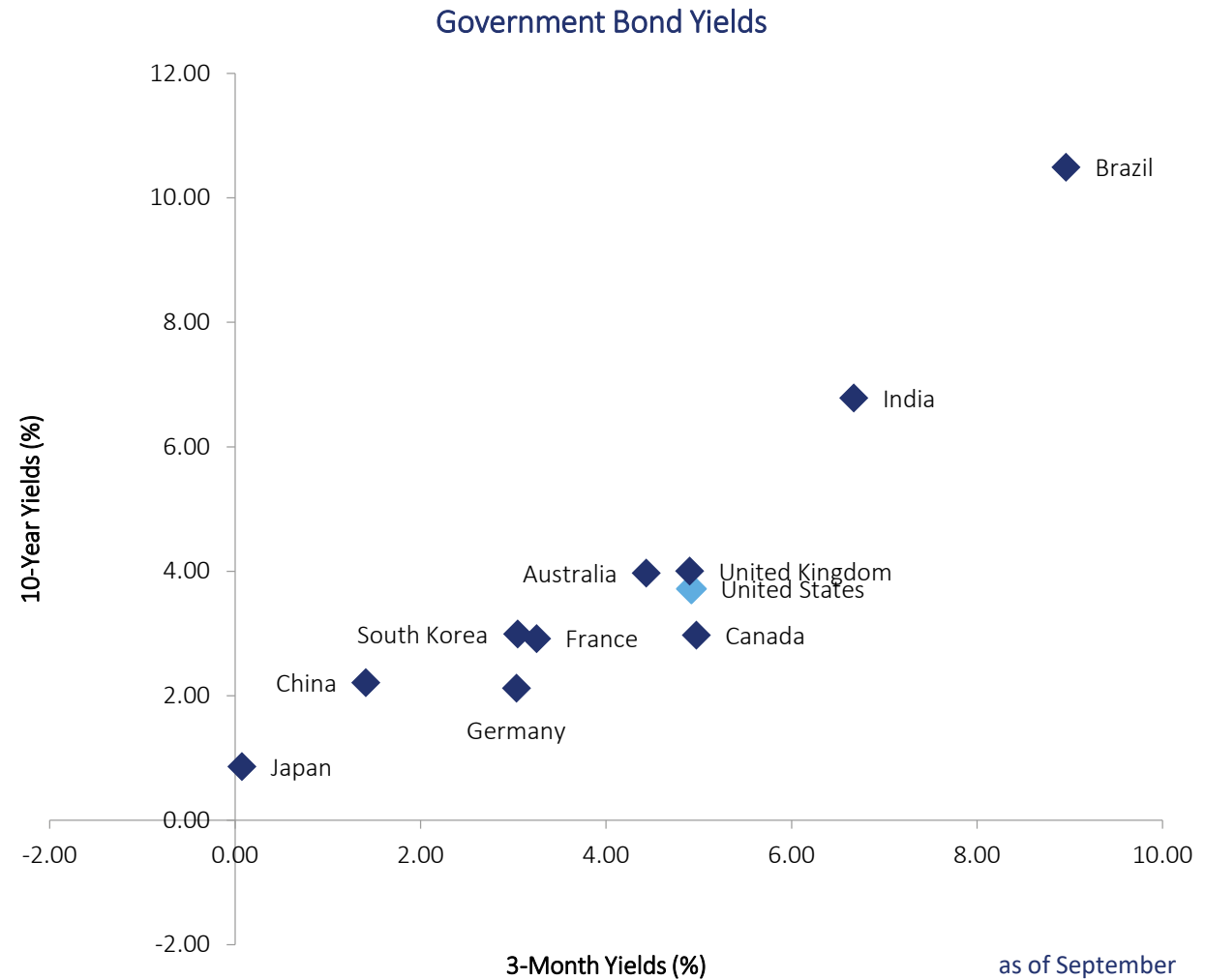


*Returns are reported in terms of local market investors, which removes currency effects.

Data Source: Bloomberg

Global Interest Rates

Short-term rates have turned positive across the globe; longer-term rates near 4.0% in the U.K. and Australia

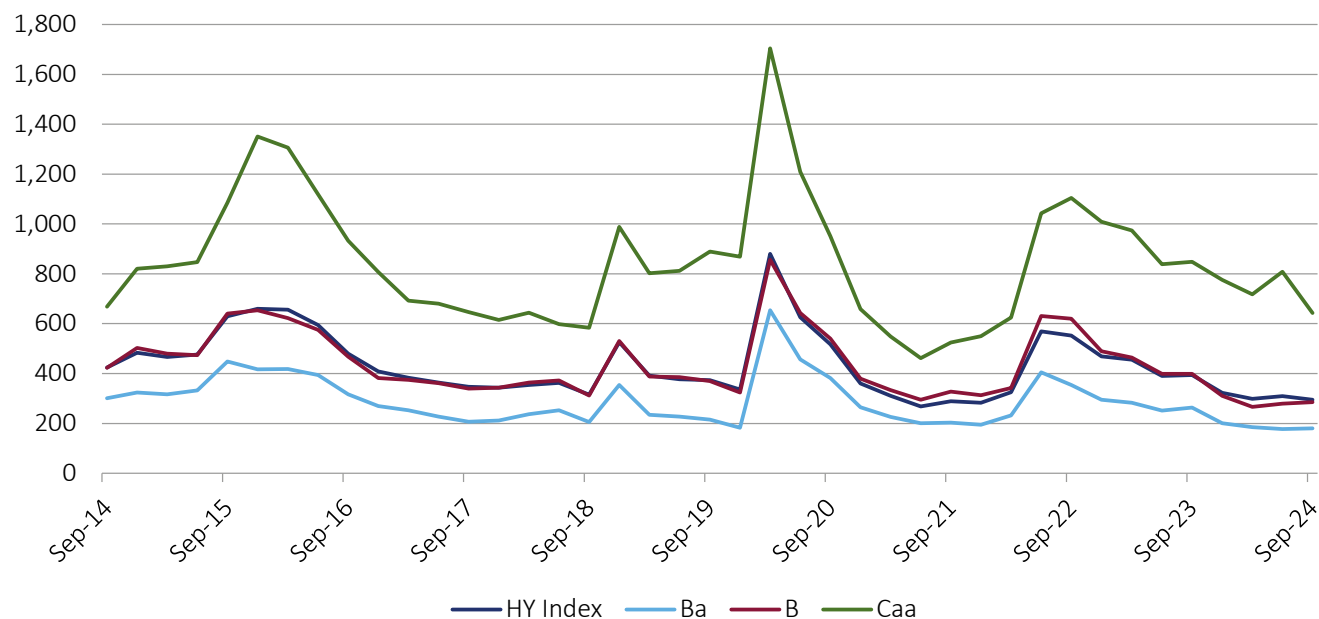


Data Source: Bloomberg

High Yield Bond Market

| As of 9/30/2024 | Weight | YTW | QTR | YTD | 1 YR | 3 YR | 5 YR | 10 YR |
|--|--------|------|------|------|------|------|------|-------|
| Bloomberg High Yield | | 7.0 | 5.3 | 8.0 | 15.7 | 3.1 | 4.7 | 5.0 |
| S&P LSTA Leveraged Loan | | 8.9 | 1.9 | 6.1 | 9.5 | 6.2 | 5.4 | 4.5 |
| High Yield Quality Distribution | | | | | | | | |
| Ba U.S. High Yield | 50.5% | 5.8 | 4.3 | 6.8 | 14.7 | 2.3 | 4.7 | 5.3 |
| B U.S. High Yield | 36.4% | 7.0 | 4.5 | 7.0 | 14.5 | 3.3 | 4.2 | 4.6 |
| Caa U.S. High Yield | 11.9% | 10.4 | 10.2 | 12.5 | 20.3 | 4.3 | 5.4 | 4.9 |
| Ca to D U.S. High Yield | 1.2% | 24.0 | 22.4 | 45.1 | 52.5 | 9.6 | 10.1 | 1.8 |

Fixed Income Option Adjusted Spread (bps)



Data Source: Bloomberg

Asset Class Performance

Asset Class Returns - Best to Worst

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 YTD | Annualized 5-Year as of 9/24 |
|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|------------------------------------|
| U.S. Equity 31.0% | U.S. Equity 20.8% | REITs 46.2% | Commodities 16.1% | U.S. Equity 26.1% | U.S. Equity 20.6% | U.S. Equity 15.5% |
| REITs 25.8% | Emrg Mrkts 18.7% | Commodities 27.1% | T-Bills 1.3% | Developed 18.9% | Emrg Mrkts 17.2% | Developed 8.7% |
| Developed 22.7% | U.S. TIPS 11.0% | U.S. Equity 26.7% | High Yield -11.2% | REITs 16.1% | REITs 14.9% | Commodities 7.8% |
| Emrg Mrkts 18.9% | Developed 8.3% | Developed 11.8% | U.S. TIPS -11.8% | High Yield 13.4% | Developed 13.5% | Emrg Mrkts 6.1% |
| High Yield 14.3% | Core Bond 7.5% | U.S. TIPS 6.0% | Core Bond -13.0% | Emrg Mrkts 10.3% | High Yield 8.0% | REITs 5.4% |
| Core Bond 8.7% | High Yield 7.1% | High Yield 5.3% | Developed -14.0% | Core Bond 5.5% | Commodities 5.9% | High Yield 4.7% |
| U.S. TIPS 8.4% | T-Bills 0.7% | T-Bills 0.0% | U.S. Equity -19.0% | T-Bills 5.1% | U.S. TIPS 4.9% | U.S. TIPS 2.6% |
| Commodities 7.7% | Commodities -3.1% | Core Bond -1.5% | Emrg Mrkts -19.7% | U.S. TIPS 3.9% | Core Bond 4.4% | T-Bills 2.3% |
| T-Bills 2.3% | REITs -7.9% | Emrg Mrkts -2.2% | REITs -26.8% | Commodities -1.3% | T-Bills 4.1% | Core Bond 0.3% |

Data Sources: Bloomberg

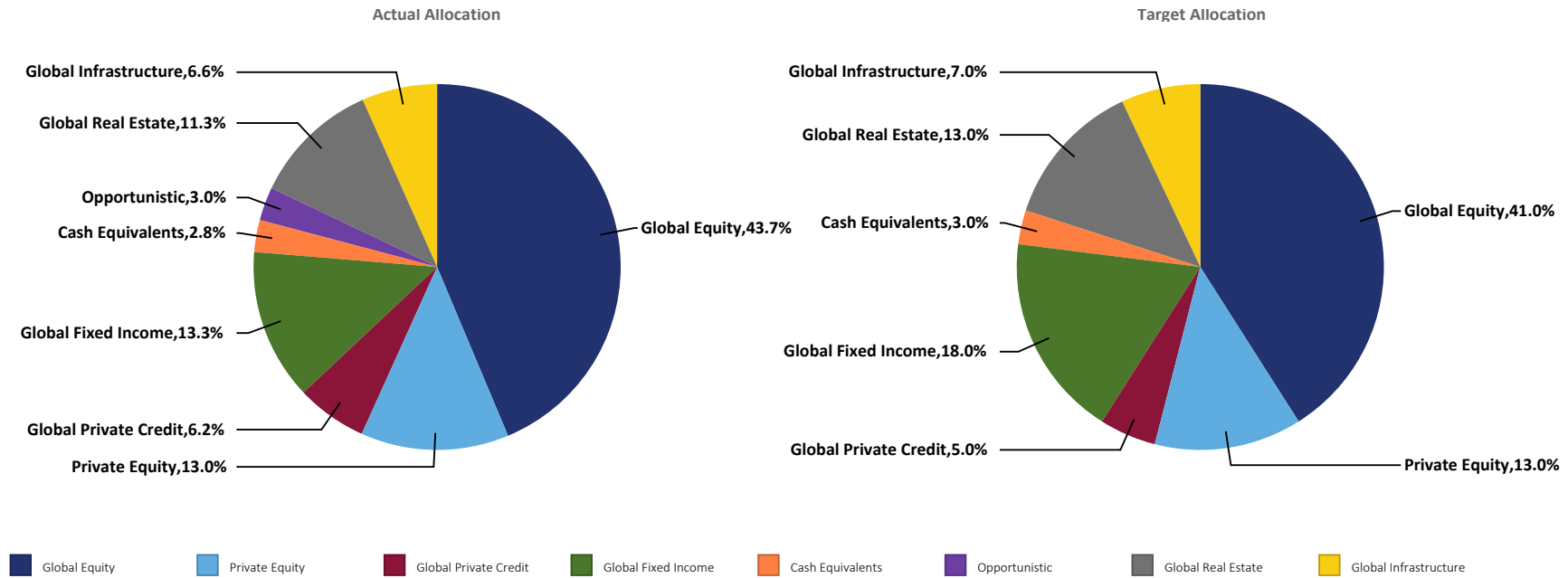
Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

Total Fund

Asset Allocation Compliance

Total Fund

Periods Ended As of September 30, 2024



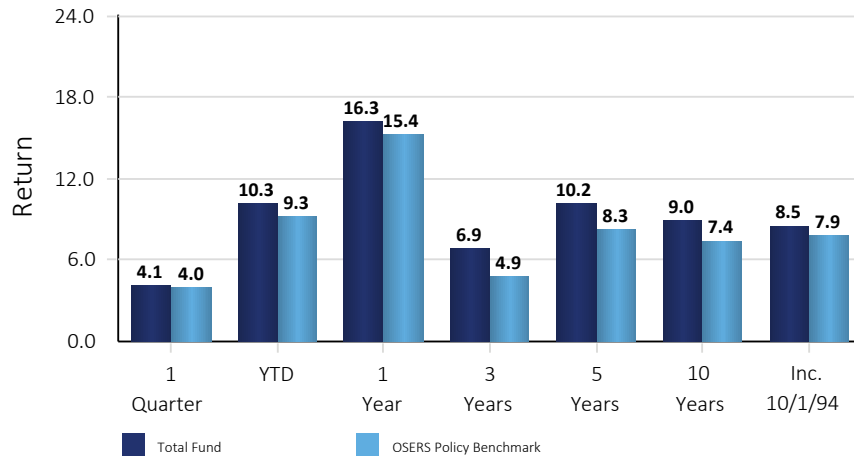
| | Asset Allocation \$ | Asset Allocation (%) | Target Allocation (%) | Differences (%) |
|-----------------------|-----------------------|----------------------|-----------------------|-----------------|
| Total Fund | 19,607,435,915 | 100.0 | 100.0 | 0.0 |
| Global Equity | 8,565,828,523 | 43.7 | 41.0 | 2.7 |
| Private Equity | 2,557,959,998 | 13.0 | 13.0 | 0.0 |
| Global Private Credit | 1,222,667,901 | 6.2 | 5.0 | 1.2 |
| Global Fixed Income | 2,616,753,898 | 13.3 | 18.0 | -4.7 |
| Cash Equivalents | 554,973,362 | 2.8 | 3.0 | -0.2 |
| Opportunistic | 578,574,206 | 3.0 | 0.0 | 3.0 |
| Global Real Estate | 2,208,030,525 | 11.3 | 13.0 | -1.7 |
| Global Infrastructure | 1,302,647,501 | 6.6 | 7.0 | -0.4 |

Composite Performance Summary

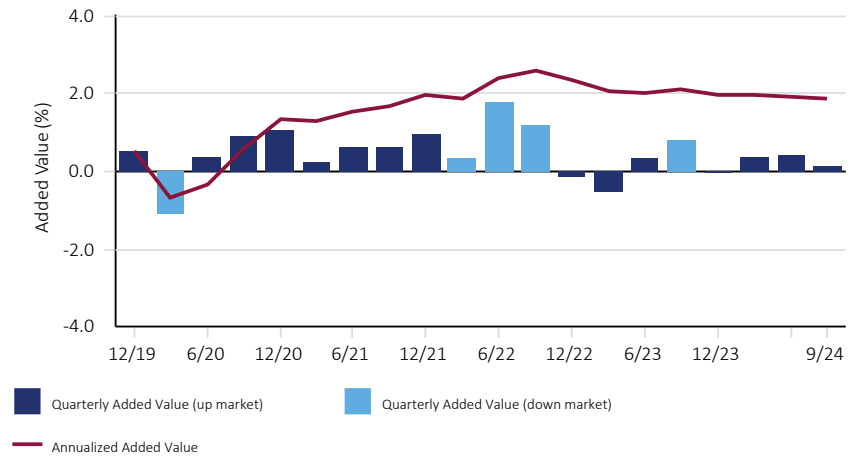
Total Fund

Periods Ended September 30, 2024

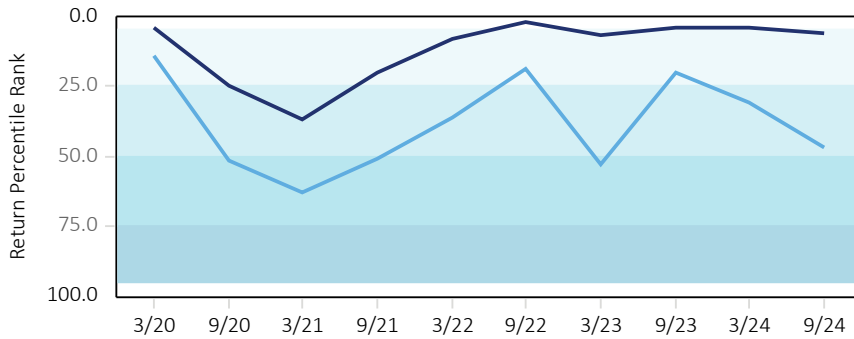
Comparative Performance



Added Value History

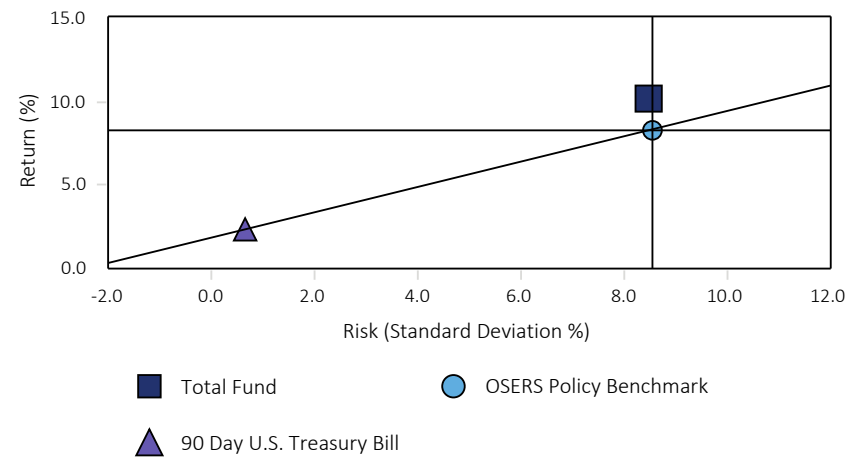


Rolling Percentile Rank: All Public Plans-Total Fund



| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|--------------|--------------|------------|-----------------|-----------------|-------------|
| — Total Fund | 10 | 9 (90%) | 1 (10%) | 0 (0%) | 0 (0%) |
| — Benchmark | 10 | 3 (30%) | 3 (30%) | 4 (40%) | 0 (0%) |

Risk and Return 10/1/19 - 09/30/24

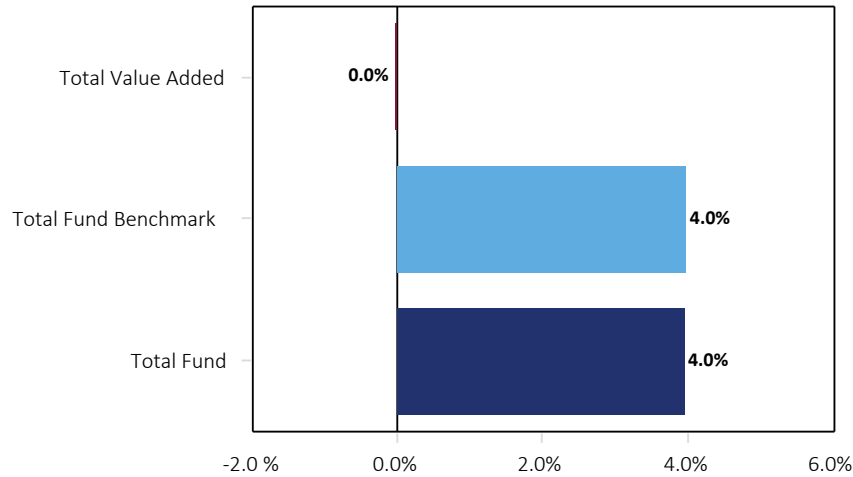


Total Fund Attribution

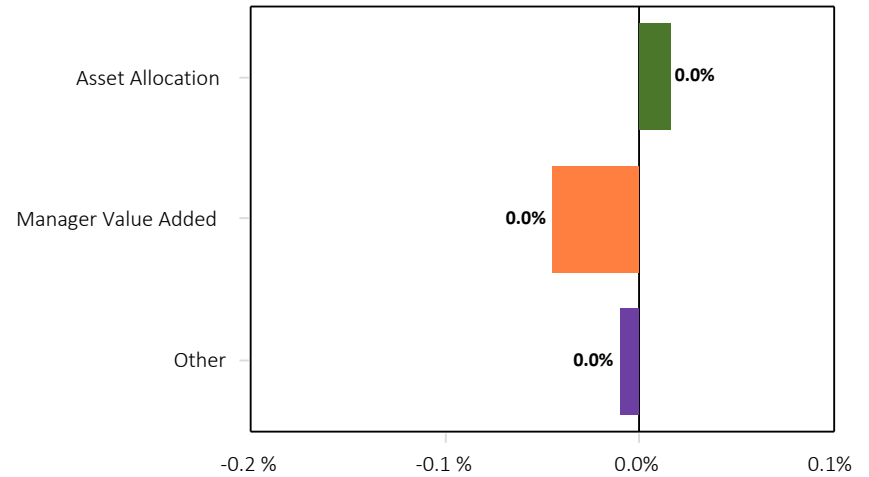
Total Fund

Periods Ended 1 Quarter Ending September 30, 2024

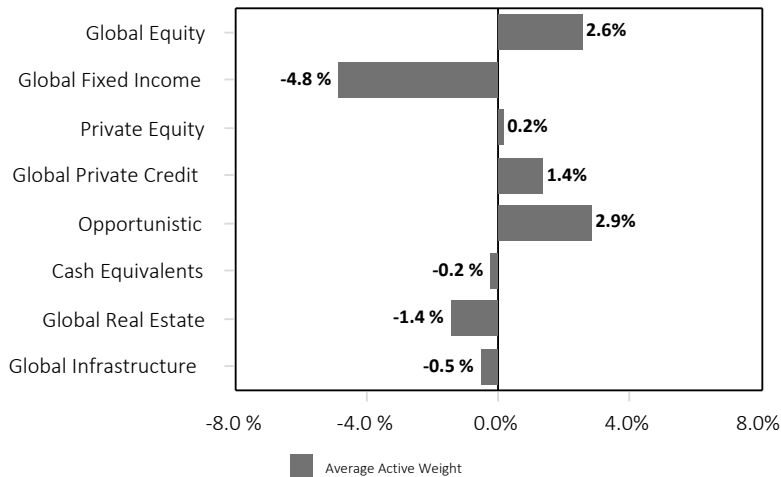
Total Fund Performance



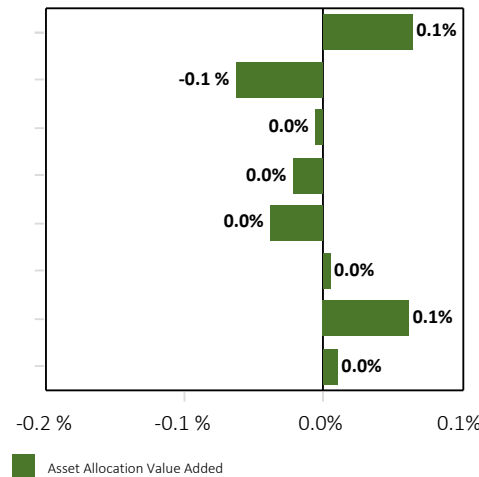
Total Value Added:0.0%



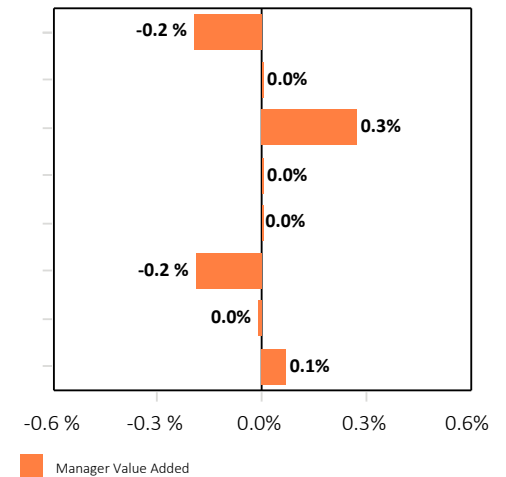
Total Asset Allocation:0.0%



Asset Allocation Value Added:0.0%



Total Manager Value Added:0.0%

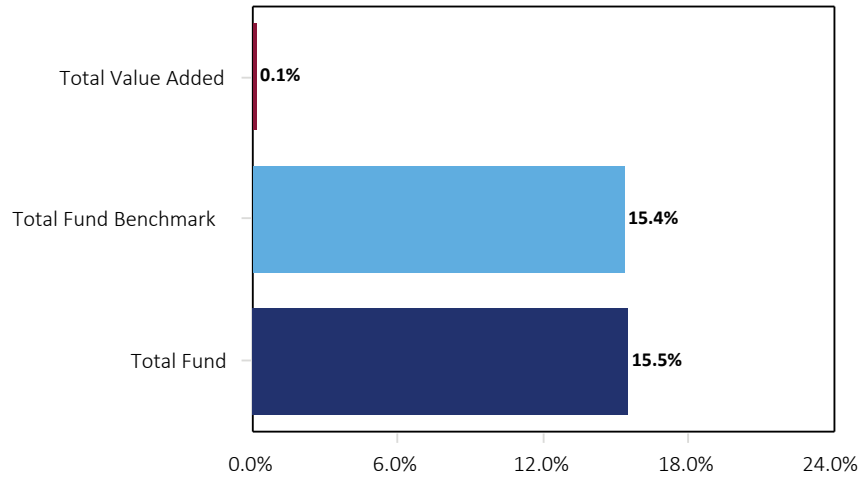


Total Fund Attribution

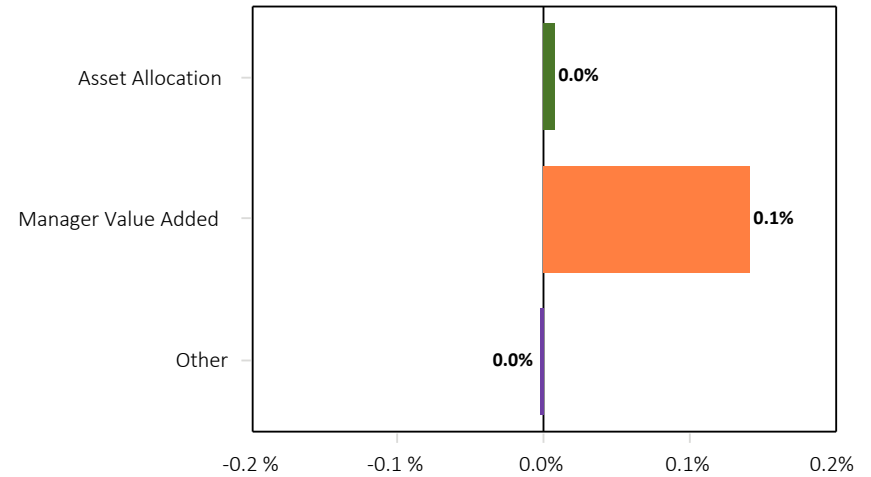
Total Fund

Periods Ended 1 Year Ending September 30, 2024

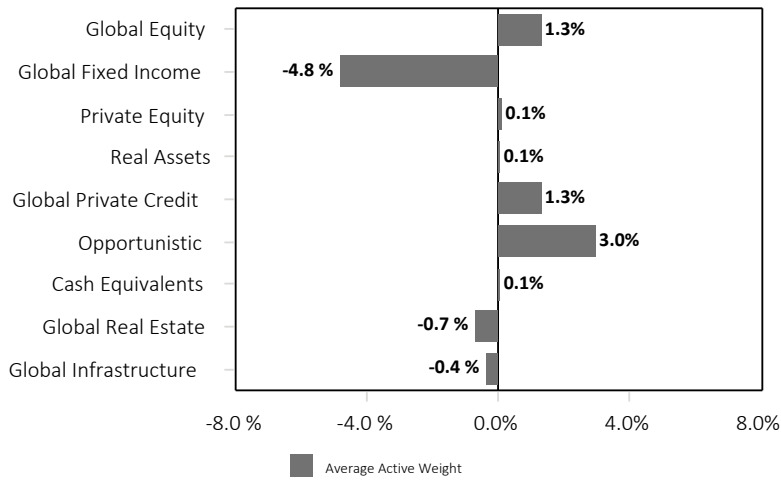
Total Fund Performance



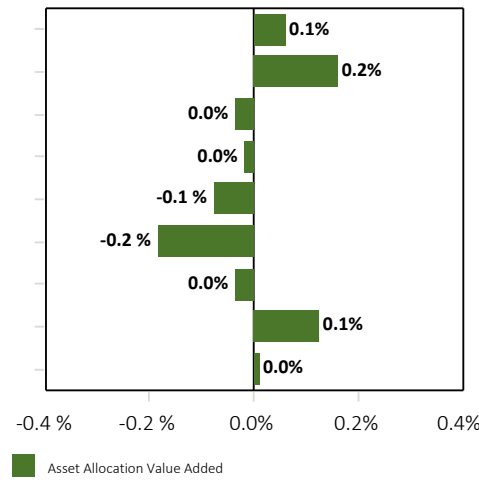
Total Value Added:0.1%



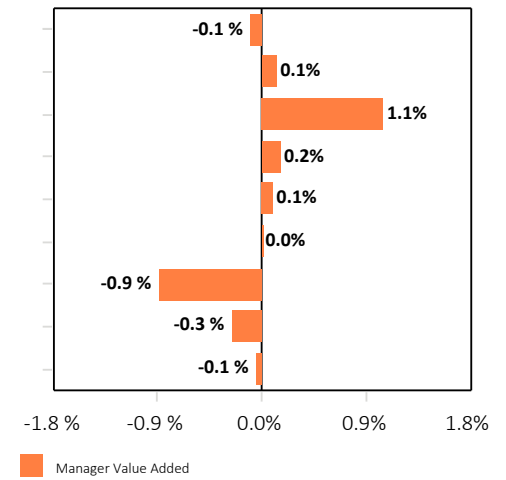
Total Asset Allocation:0.0%



Asset Allocation Value Added:0.0%



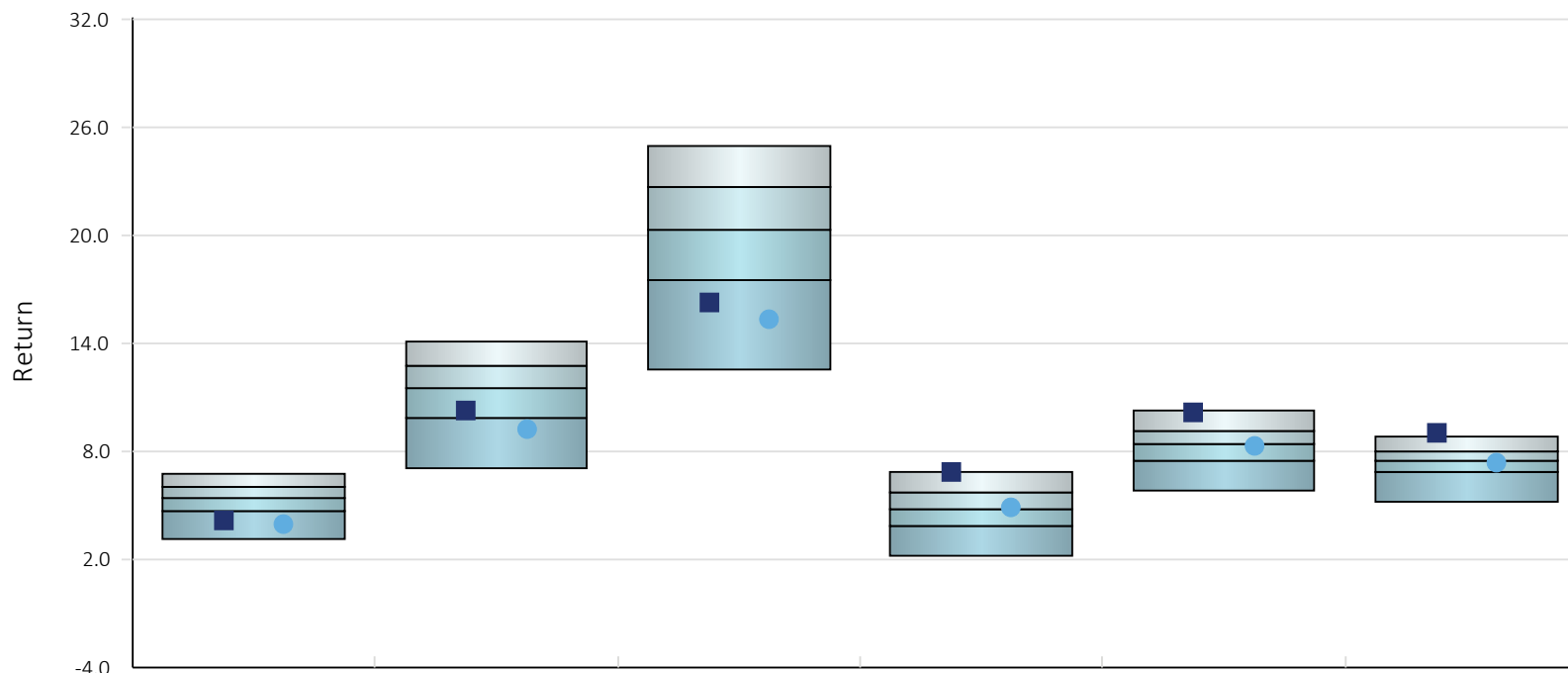
Total Manager Value Added:0.1%



Plan Sponsor Peer Group Analysis

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

Periods Ended September 30, 2024



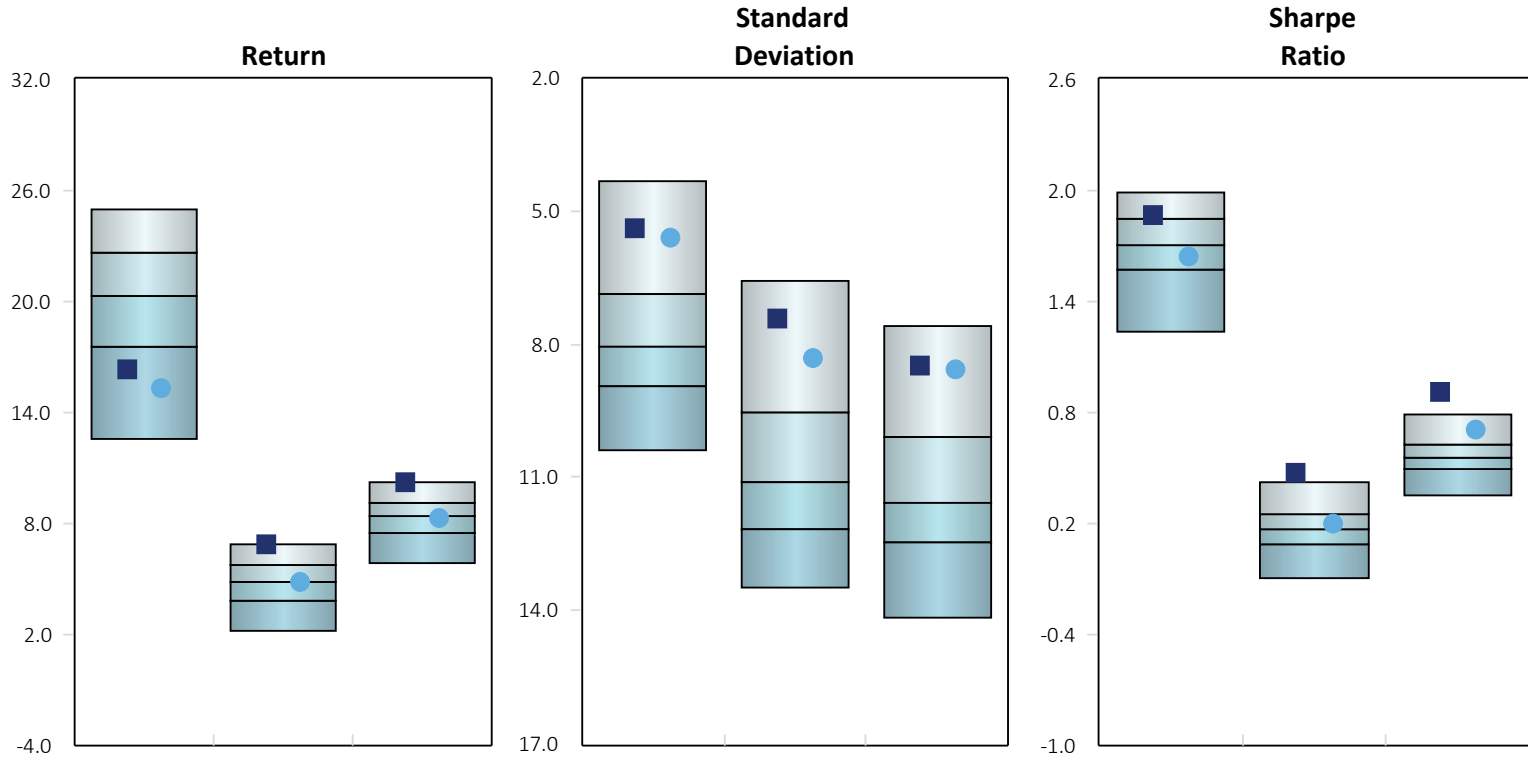
| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years |
|--------------------------|-----------|------------|------------|-----------|-----------|-----------|
| ■ Total Fund | 4.14 (88) | 10.26 (71) | 16.32 (83) | 6.89 (6) | 10.21 (6) | 9.02 (2) |
| ● OSERS Policy Benchmark | 4.00 (90) | 9.27 (84) | 15.35 (86) | 4.88 (47) | 8.32 (54) | 7.40 (56) |
| 5th Percentile | 6.78 | 14.08 | 24.98 | 6.91 | 10.24 | 8.85 |
| 1st Quartile | 6.07 | 12.75 | 22.67 | 5.71 | 9.16 | 8.02 |
| Median | 5.37 | 11.48 | 20.36 | 4.83 | 8.44 | 7.52 |
| 3rd Quartile | 4.65 | 9.90 | 17.51 | 3.82 | 7.51 | 6.82 |
| 95th Percentile | 3.15 | 7.09 | 12.57 | 2.23 | 5.84 | 5.23 |
| Population | 362 | 352 | 348 | 331 | 322 | 290 |

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 September 30, 2024



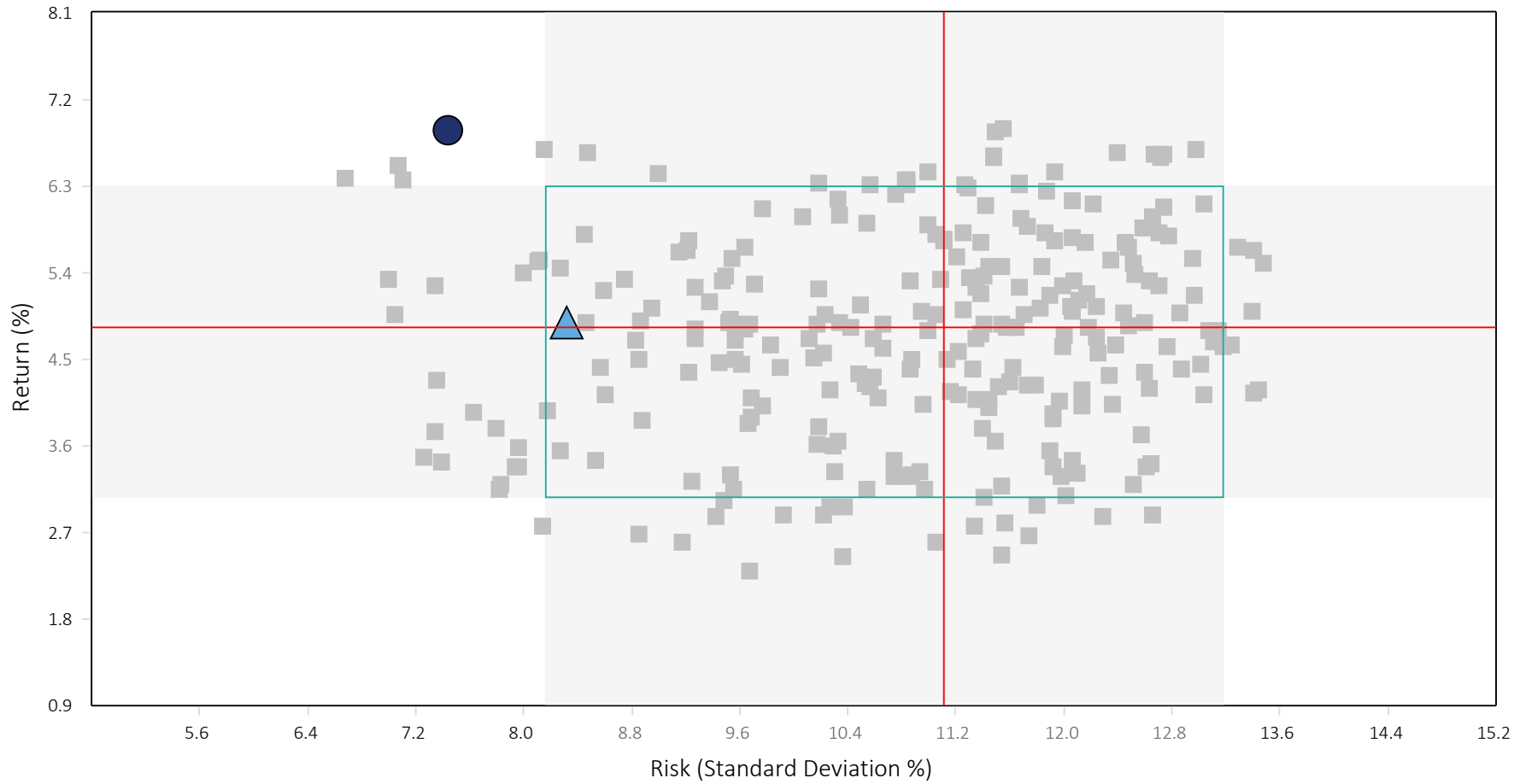
| | 1 Year | 3 Years | 5 Years | 1 Year | 3 Years | 5 Years | 1 Year | 3 Years | 5 Years |
|--------------------------|------------|------------|------------|-----------|------------|------------|-----------|------------|------------|
| ■ Total Fund | 16.32 (83) | 6.89 (6) | 10.21 (6) | 5.41 (10) | 7.44 (9) | 8.48 (9) | 1.86 (21) | 0.48 (3) | 0.91 (3) |
| ● OSERS Policy Benchmark | 15.35 (86) | 4.88 (47) | 8.32 (54) | 5.60 (12) | 8.32 (14) | 8.56 (10) | 1.65 (61) | 0.20 (39) | 0.71 (11) |
| 5th Percentile | 24.98 | 6.91 | 10.24 | 4.32 | 6.58 | 7.59 | 1.99 | 0.42 | 0.79 |
| 1st Quartile | 22.67 | 5.71 | 9.16 | 6.85 | 9.52 | 10.09 | 1.85 | 0.25 | 0.63 |
| Median | 20.36 | 4.83 | 8.44 | 8.05 | 11.11 | 11.59 | 1.71 | 0.17 | 0.56 |
| 3rd Quartile | 17.51 | 3.82 | 7.51 | 8.95 | 12.16 | 12.45 | 1.57 | 0.08 | 0.50 |
| 95th Percentile | 12.57 | 2.23 | 5.84 | 10.37 | 13.50 | 14.14 | 1.23 | -0.09 | 0.35 |

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 October 1, 2021 To September 30, 2024



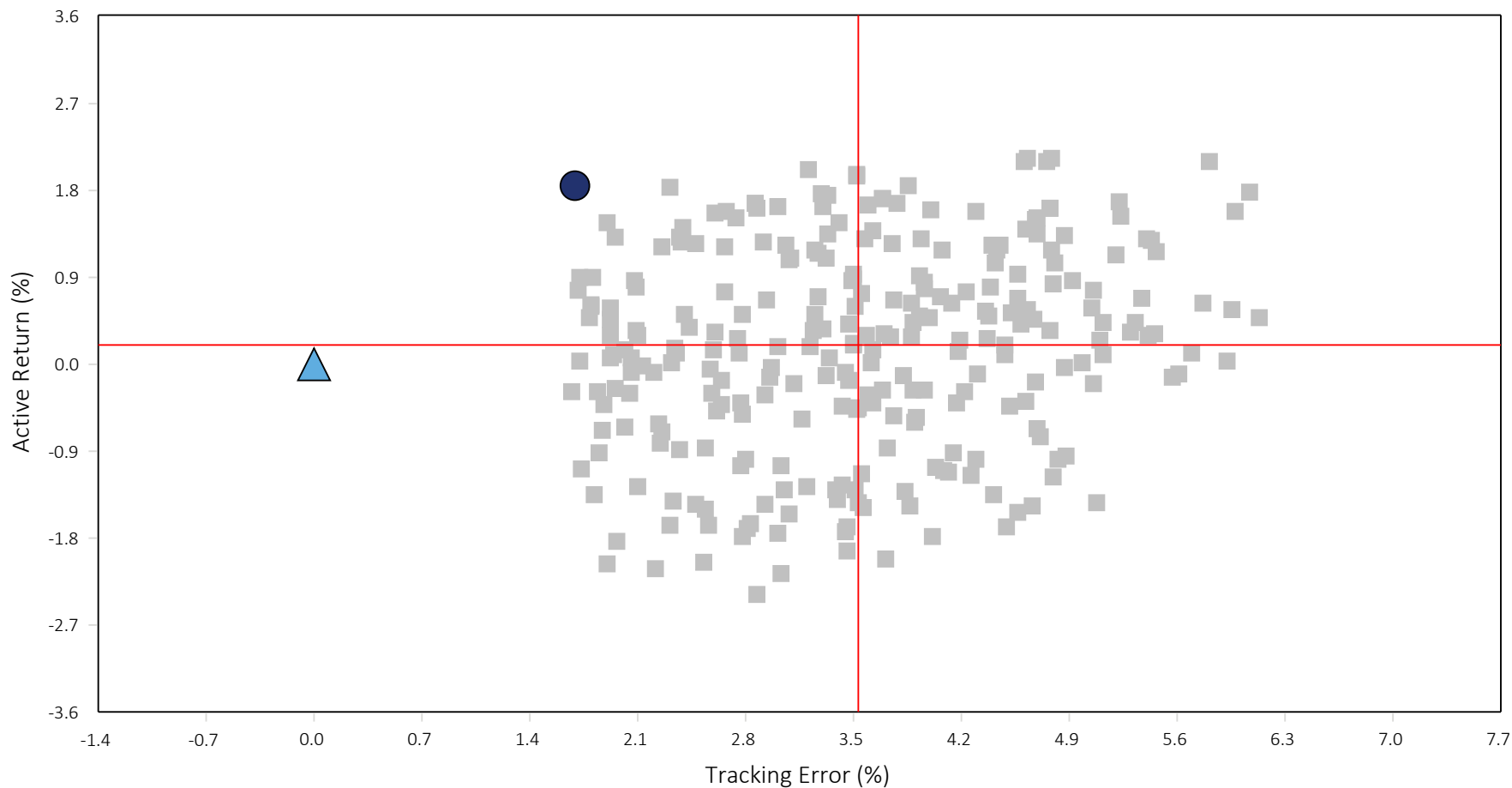
| | Return | Standard Deviation |
|--------------------------|--------|--------------------|
| ● Total Fund | 6.89 | 7.44 |
| ▲ OSERS Policy Benchmark | 4.88 | 8.32 |
| — Median | 4.83 | 11.11 |

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 October 1, 2021 To September 30, 2024



| | Active Return | Tracking Error |
|--------------------------|---------------|----------------|
| ● Total Fund | 1.84 | 1.70 |
| ▲ OSERS Policy Benchmark | 0.00 | 0.00 |
| — Median | 0.20 | 3.53 |

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

Asset Allocation & Performance

Total Fund

Periods Ended September 30, 2024

| | 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 |
| Total Fund | 19,607,436 | 100.00 | 3.96 | 9.71 | 3.96 | 15.50 | 6.13 | 9.51 | 8.33 | 7.46 | 7.95 | 10/1/1994 |
| OSERS Policy Benchmark | | | 4.00 | 9.27 | 4.00 | 15.35 | 4.88 | 8.32 | 7.40 | 7.22 | 7.88 | |
| Value Added | | | -0.04 | 0.44 | -0.04 | 0.15 | 1.25 | 1.19 | 0.93 | 0.24 | 0.07 | |
| Global Equity | 8,565,829 | 43.69 | 6.15 | 18.97 | 6.15 | 31.51 | 7.74 | 12.46 | 9.71 | 8.49 | 8.41 | 7/1/2002 |
| Global Equity Benchmark | | | 6.61 | 18.66 | 6.61 | 31.76 | 7.95 | 11.95 | 9.28 | 8.22 | 8.13 | |
| Value Added | | | -0.46 | 0.31 | -0.46 | -0.25 | -0.21 | 0.51 | 0.43 | 0.27 | 0.28 | |
| Global Private Equity | 2,557,960 | 13.05 | 2.88 | 10.16 | 2.88 | 11.98 | 11.35 | 17.89 | 16.77 | 13.86 | 13.27 | 10/1/1994 |
| Global PE Benchmark | | | 0.82 | 4.95 | 0.82 | 4.41 | 4.33 | 13.17 | 12.17 | 11.36 | 12.58 | |
| Value Added | | | 2.06 | 5.21 | 2.06 | 7.57 | 7.02 | 4.72 | 4.60 | 2.50 | 0.69 | |
| Global Private Credit | 1,222,668 | 6.24 | 2.49 | 8.64 | 2.49 | 11.78 | 9.10 | | | | 11.05 | 7/1/2020 |
| Global Private Credit Benchmark | | | 2.44 | 7.52 | 2.44 | 10.14 | 8.10 | | | | 7.10 | |
| Value Added | | | 0.05 | 1.12 | 0.05 | 1.64 | 1.00 | | | | 3.95 | |
| Global Fixed Income | 2,616,754 | 13.35 | 5.24 | 5.35 | 5.24 | 12.57 | -0.48 | 1.66 | 2.64 | 4.17 | 5.35 | 10/1/1994 |
| Blmbg. U.S. Universal Index | | | 5.20 | 4.91 | 5.20 | 12.08 | -1.05 | 0.70 | 2.15 | 3.52 | 4.91 | |
| Value Added | | | 0.04 | 0.44 | 0.04 | 0.49 | 0.57 | 0.96 | 0.49 | 0.65 | 0.44 | |
| Cash Equivalents | 554,973 | 2.83 | -4.94 | -14.06 | -4.94 | -18.46 | -1.14 | -0.36 | 0.88 | 1.43 | 1.41 | 7/1/2002 |
| FTSE 1 Month T-Bill | | | 1.36 | 4.13 | 1.36 | 5.56 | 3.57 | 2.31 | 1.62 | 1.52 | 1.48 | |
| Value Added | | | -6.30 | -18.19 | -6.30 | -24.02 | -4.71 | -2.67 | -0.74 | -0.09 | -0.07 | |

Asset Allocation & Performance

Total Fund

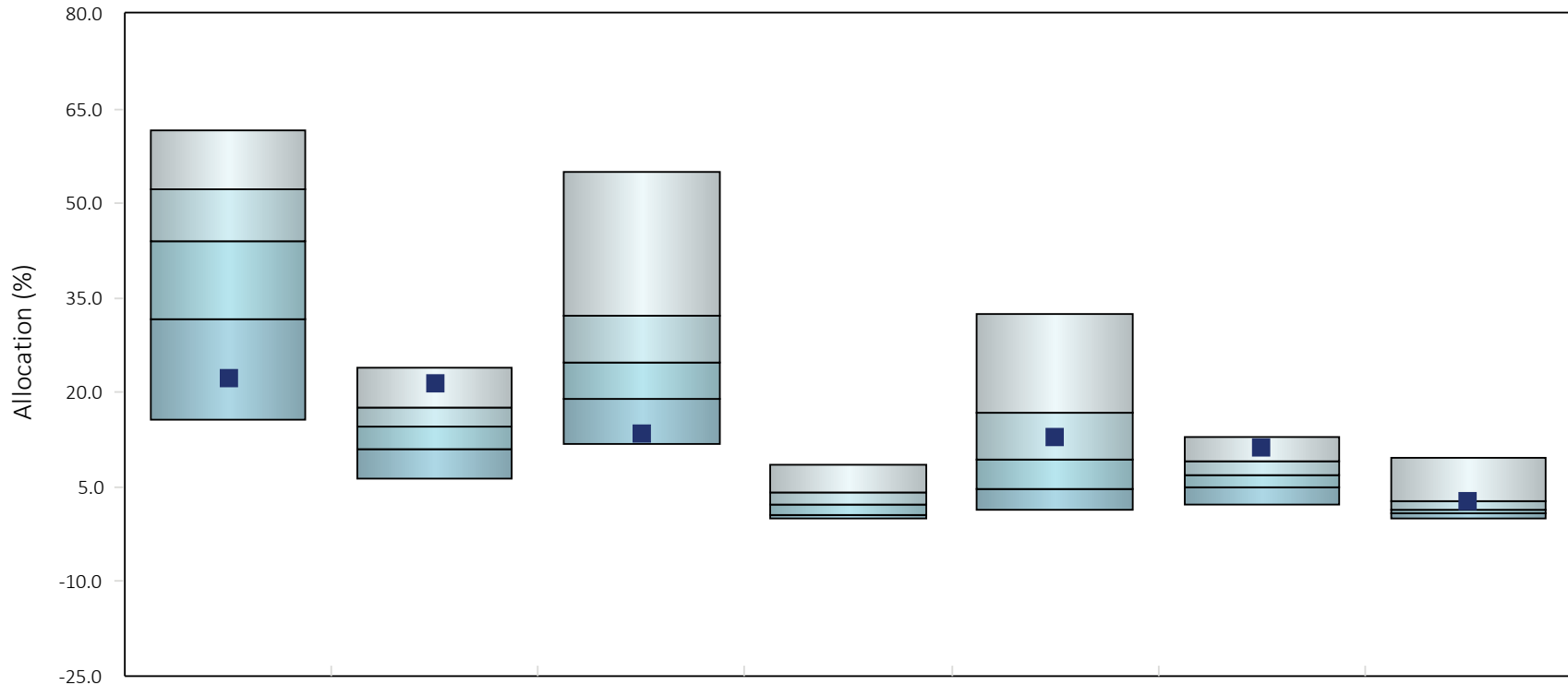
Periods Ended September 30, 2024

| | 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 |
| Global Real Estate | 2,208,031 | 11.26 | -0.35 | -5.89 | -0.35 | -7.57 | 3.45 | 4.70 | 7.24 | 5.91 | 6.97 | 9/1/1994 |
| NCREIF Property Index - Monthly | | | -0.26 | -4.22 | -0.26 | -5.53 | 2.33 | 3.39 | 6.07 | 7.35 | 8.37 | |
| Value Added | | | -0.09 | -1.67 | -0.09 | -2.04 | 1.12 | 1.31 | 1.17 | -1.44 | -1.40 | |
| Global Infrastructure | 1,302,648 | 6.64 | 3.04 | 5.38 | 3.04 | 7.22 | 7.81 | 8.47 | | | 10.19 | 10/1/2015 |
| Global Infrastructure Benchmark | | | 1.97 | 6.18 | 1.97 | 4.72 | 5.91 | 5.55 | | | 6.55 | |
| Value Added | | | 1.07 | -0.80 | 1.07 | 2.50 | 1.90 | 2.92 | | | 3.64 | |
| Opportunistic & Tactical | 578,574 | 2.95 | 2.70 | 6.27 | 2.70 | 9.52 | 5.52 | 6.86 | 6.59 | | 6.98 | 6/1/2013 |
| Opportunistic Benchmark | | | 5.65 | 5.93 | 5.65 | 13.57 | 0.62 | 1.36 | 3.90 | | 4.64 | |
| Value Added | | | -2.95 | 0.34 | -2.95 | -4.05 | 4.90 | 5.50 | 2.69 | | 2.34 | |

Plan Sponsor TF Asset Allocation

Total Fund vs All Public Plans-Total Fund

Periods Ended September 30, 2024



| | US Equity | Global ex-US Equity | US Fixed | Global ex-US Fixed | Alternatives | Total Real Estate | Cash & Equivalents |
|-----------------|-----------|---------------------|----------|--------------------|--------------|-------------------|--------------------|
| ■ Total Fund | 22.34 | 21.34 | 13.35 | | 13.05 | 11.26 | 2.83 |
| 5th Percentile | 61.72 | 23.82 | 54.90 | 8.51 | 32.55 | 12.98 | 9.63 |
| 1st Quartile | 52.22 | 17.61 | 32.31 | 4.25 | 16.75 | 9.12 | 2.76 |
| Median | 43.98 | 14.50 | 24.88 | 2.34 | 9.32 | 6.85 | 1.40 |
| 3rd Quartile | 31.76 | 10.90 | 18.98 | 0.65 | 4.64 | 4.92 | 0.79 |
| 95th Percentile | 15.60 | 6.37 | 11.85 | 0.06 | 1.25 | 2.34 | 0.06 |

*Alternatives: Hedge Fund, Private Equity, Real Assets, Commodity, Real Return

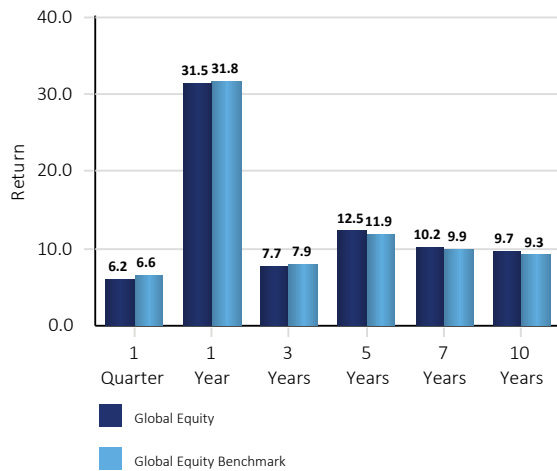
Global Equity

Performance Summary

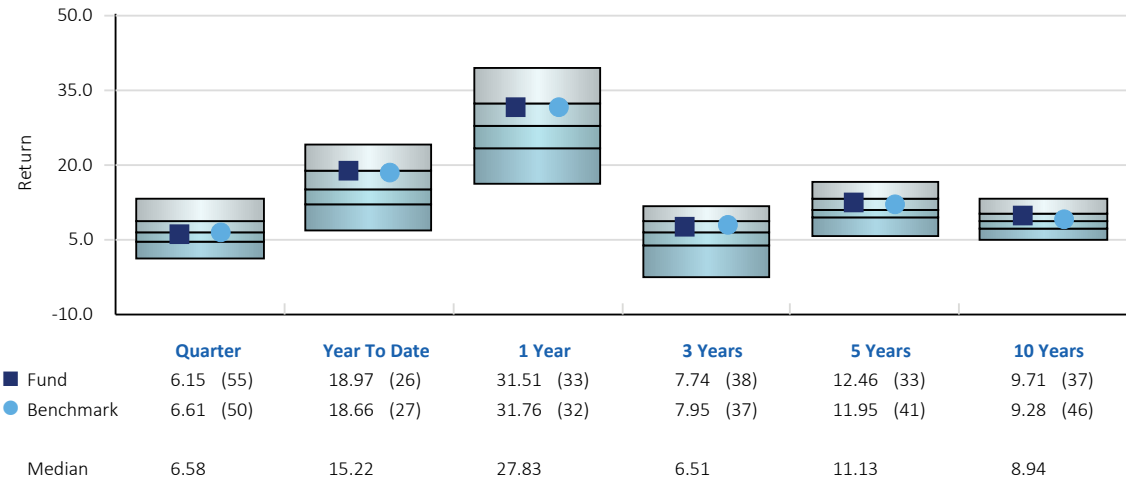
Global Equity

Periods Ended September 30, 2024

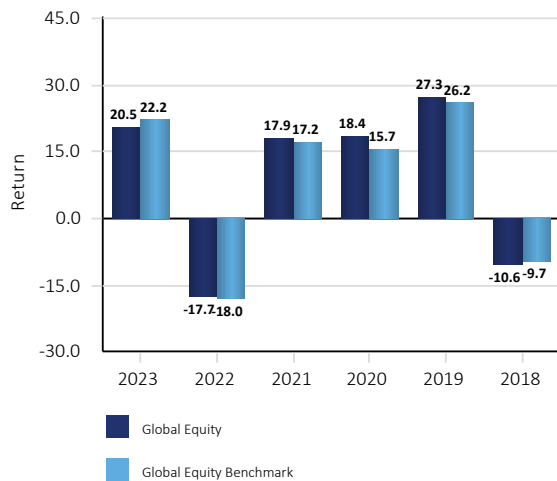
Comparative Performance



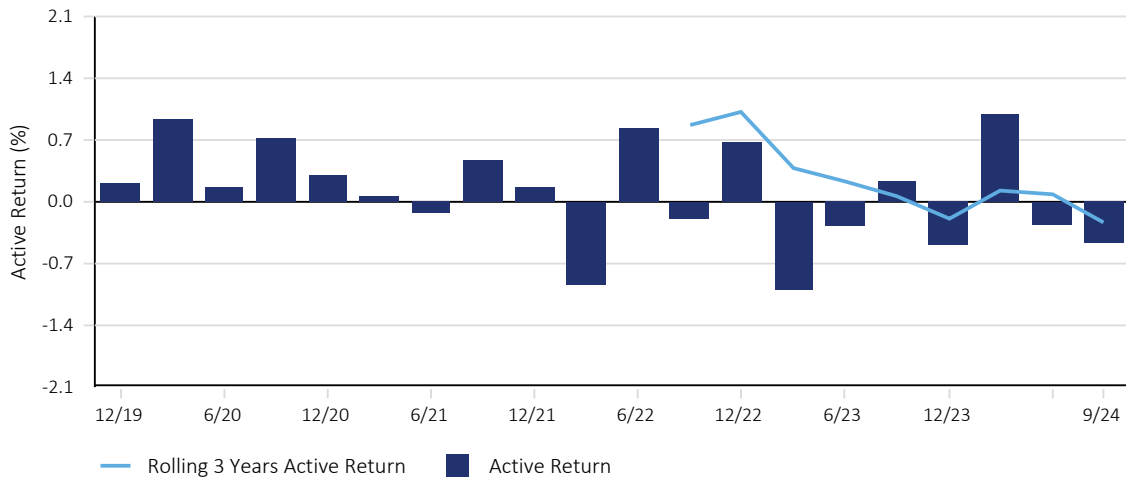
Peer Group Analysis: IM Global Equity (SA+CF)(NOF)



Comparative Performance



Quarterly Active Return



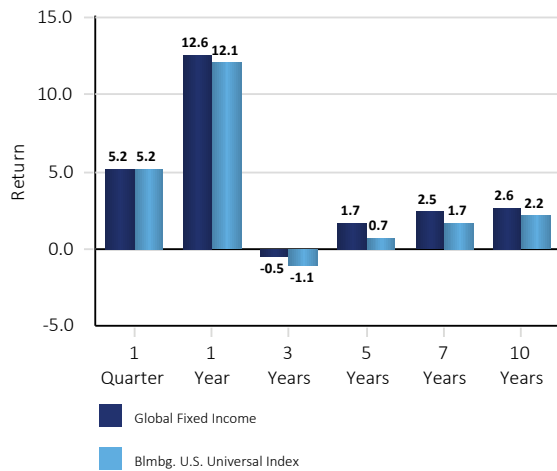
Global Fixed Income

Performance Summary

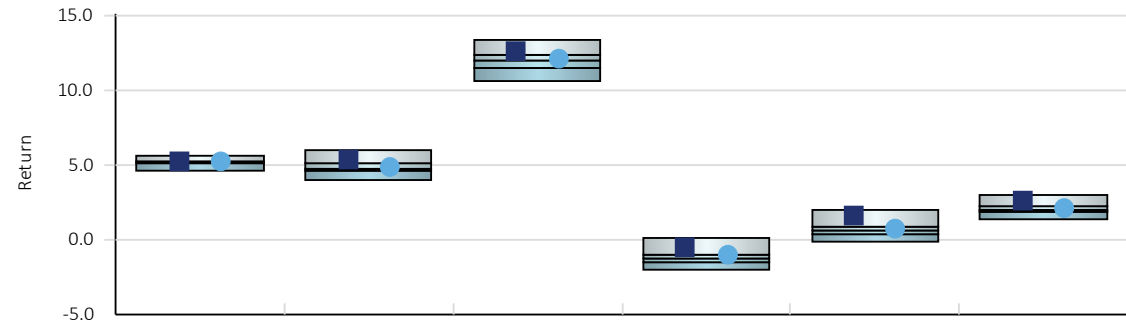
Global Fixed Income

Periods Ended September 30, 2024

Comparative Performance

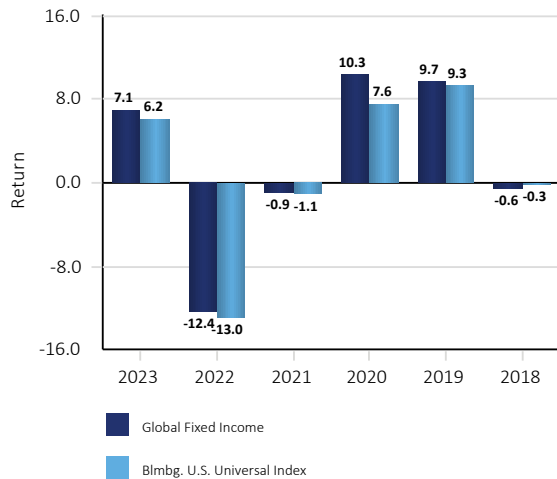


Peer Group Analysis: IM U.S. Broad Market Core Fixed Income (SA+CF) (NOF)

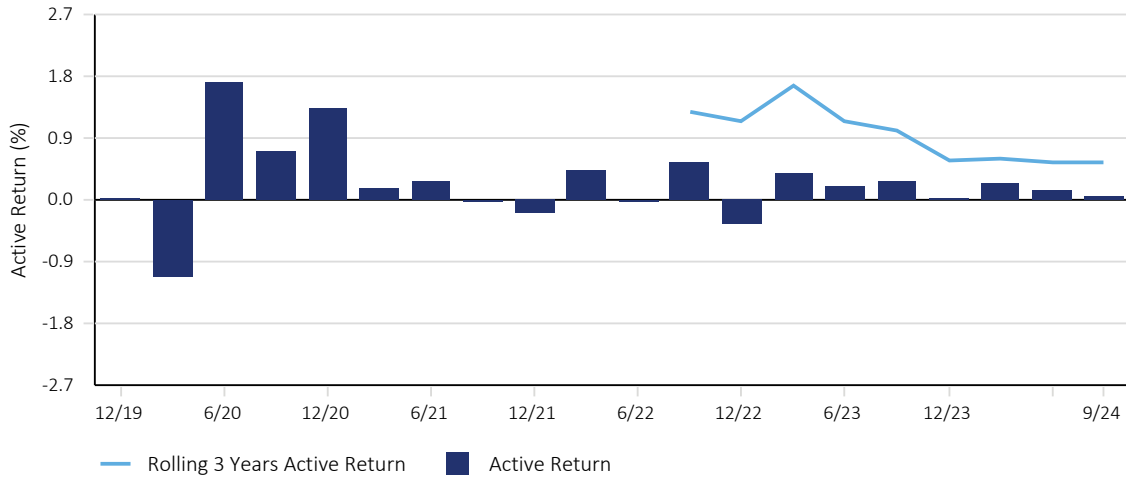


| | Quarter | Year To Date | 1 Year | 3 Years | 5 Years | 10 Years |
|-------------|-----------|--------------|------------|------------|-----------|-----------|
| ■ Fund | 5.24 (35) | 5.35 (17) | 12.57 (18) | -0.48 (8) | 1.66 (7) | 2.64 (7) |
| ● Benchmark | 5.20 (45) | 4.91 (41) | 12.08 (44) | -1.05 (28) | 0.70 (40) | 2.15 (38) |
| Median | 5.19 | 4.76 | 12.02 | -1.22 | 0.59 | 2.05 |

Comparative Performance



Rolling 3 Years Performance



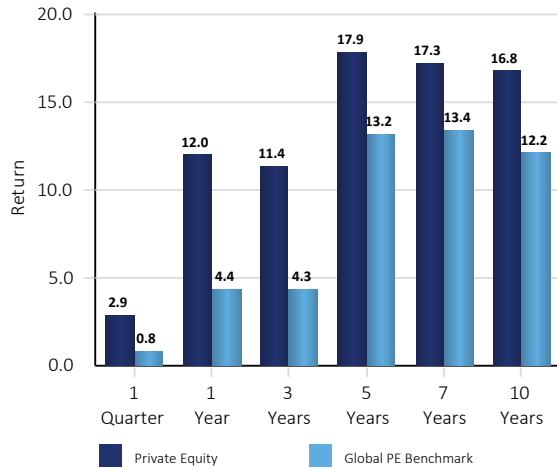
Global Private Equity

Performance Summary

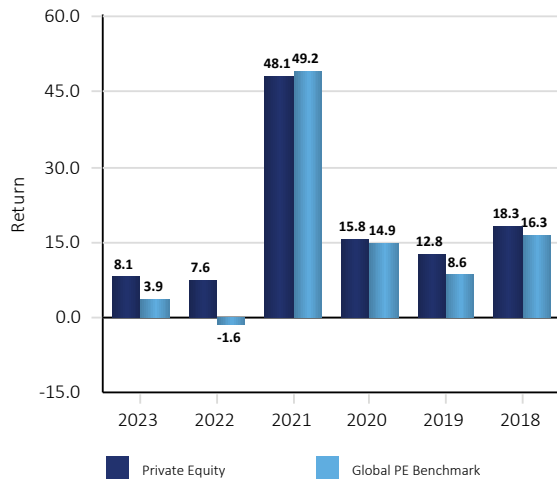
Global Private Equity

Periods Ended September 30, 2024

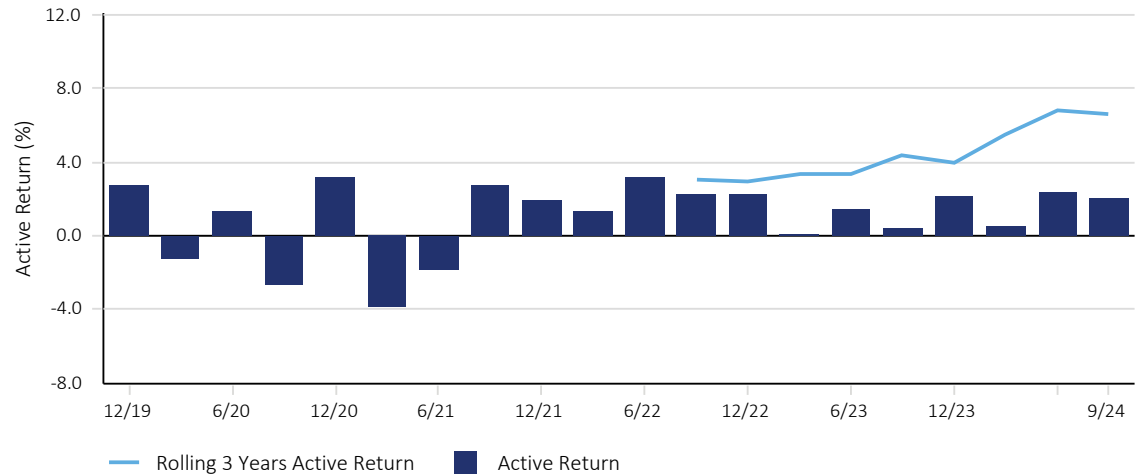
Comparative Performance



Comparative Performance



Quarterly Active Return



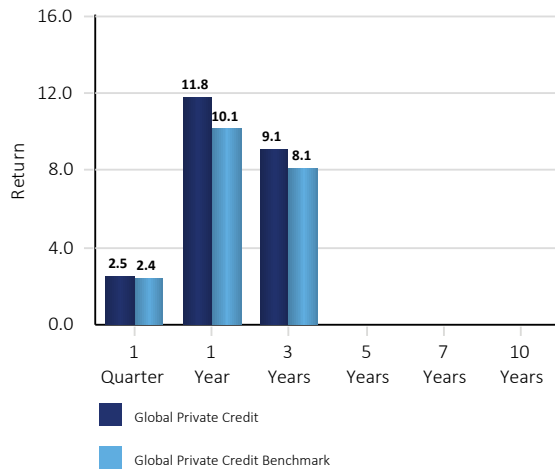
Global Private Credit

Performance Summary

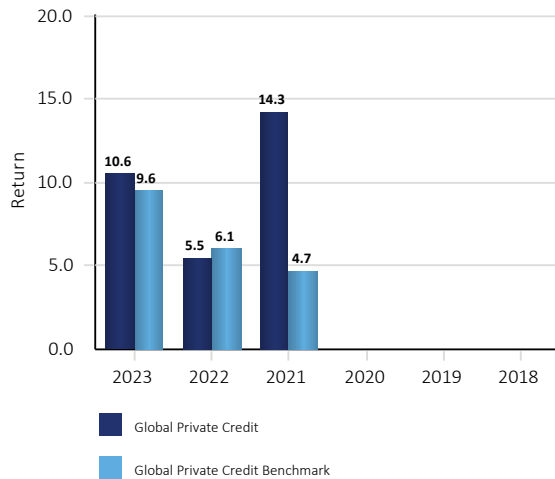
Global Private Credit

Periods Ended September 30, 2024

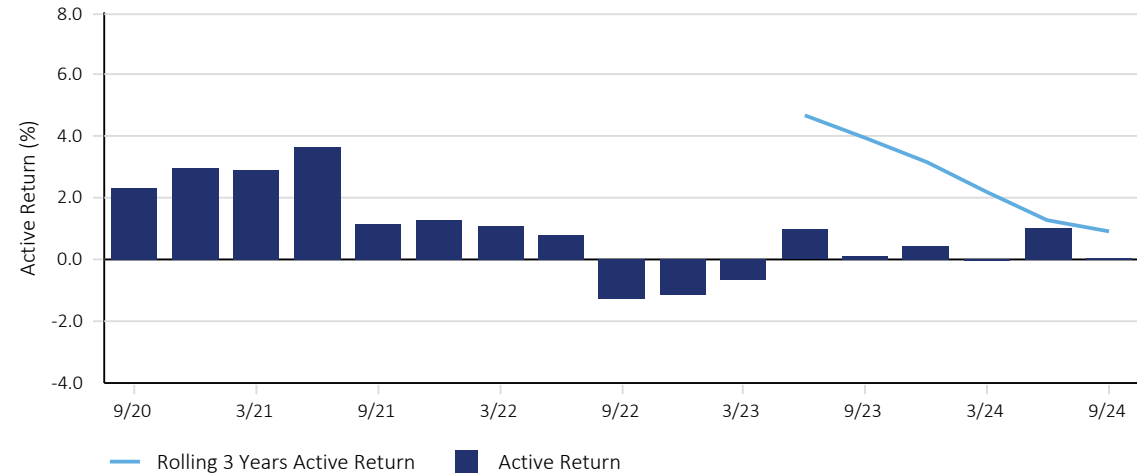
Comparative Performance



Comparative Performance



Quarterly Active Return



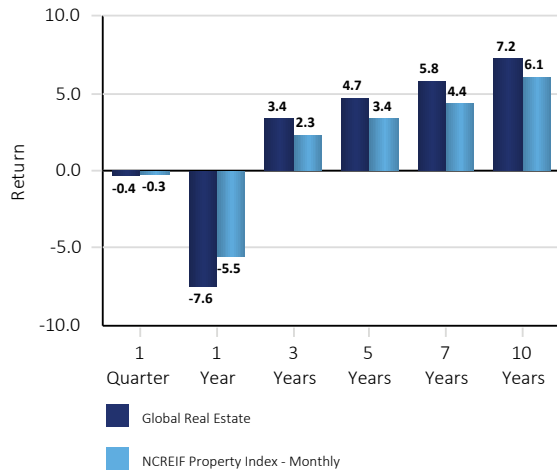
Real Estate & Infrastructure

Performance Summary

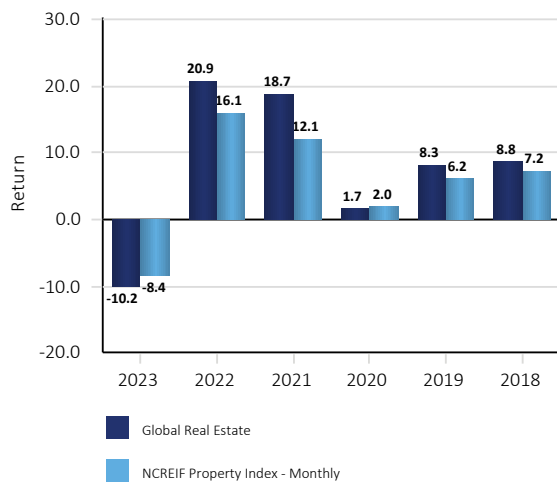
Real Estate

Periods Ended September 30, 2024

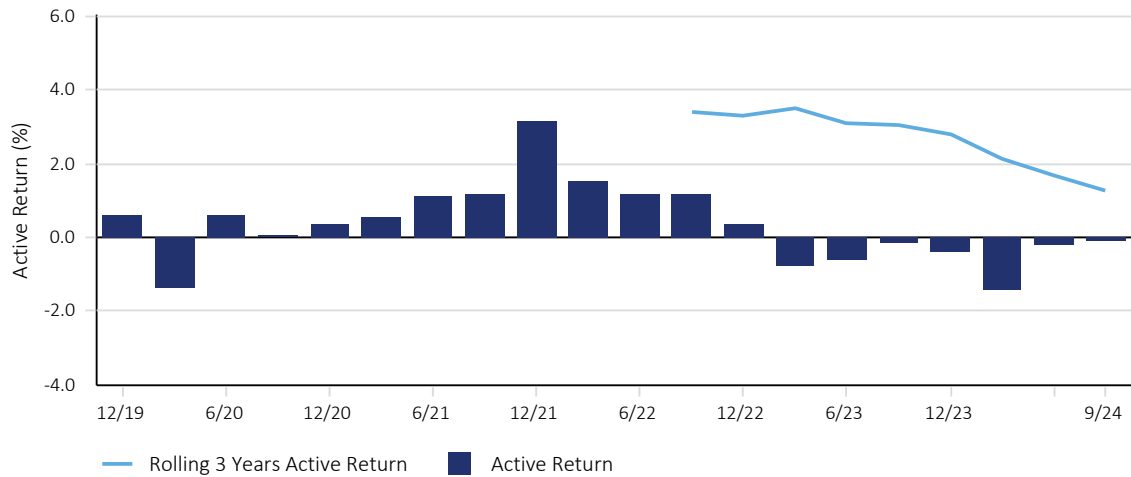
Comparative Performance



Comparative Performance



Quarterly Active Return

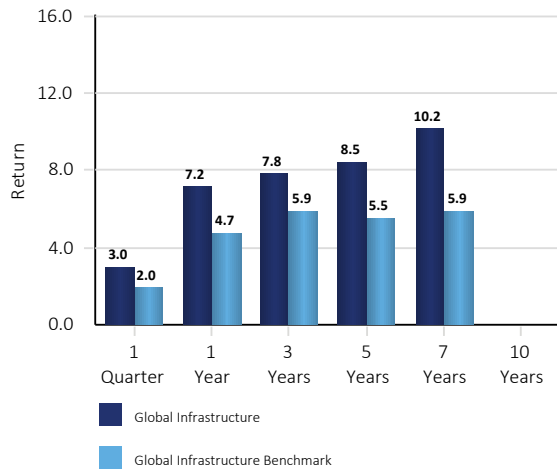


Performance Summary

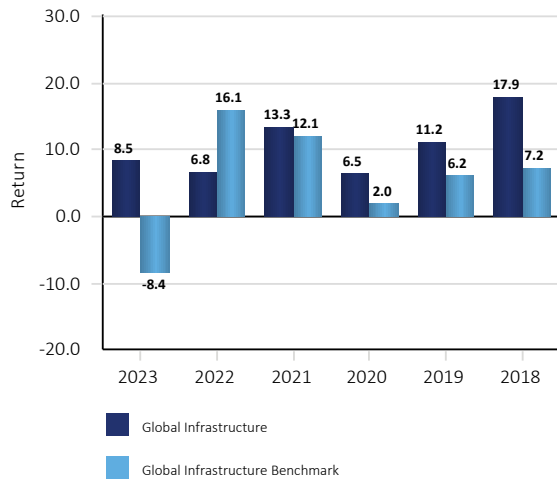
Infrastructure

Periods Ended September 30, 2024

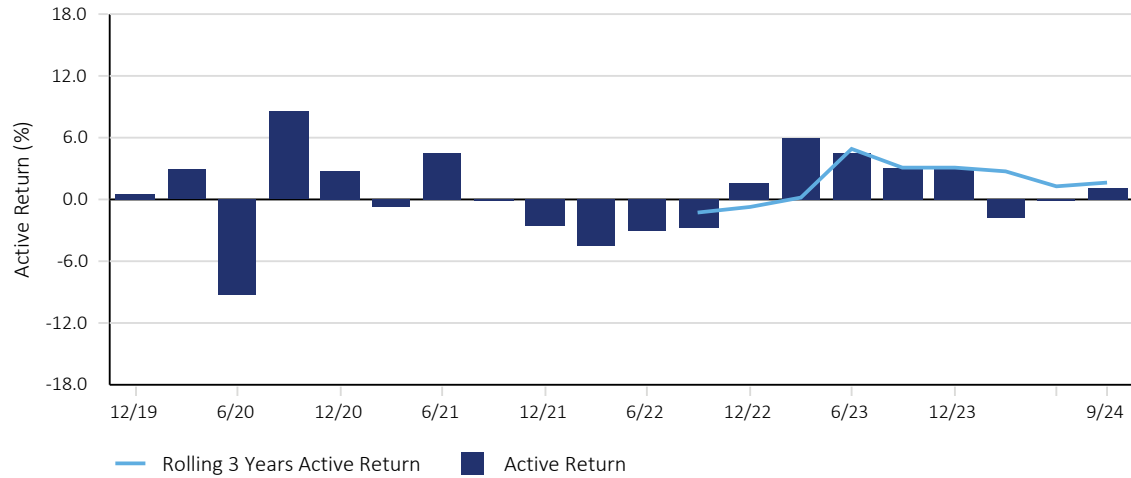
Comparative Performance



Comparative Performance



Quarterly Active Return



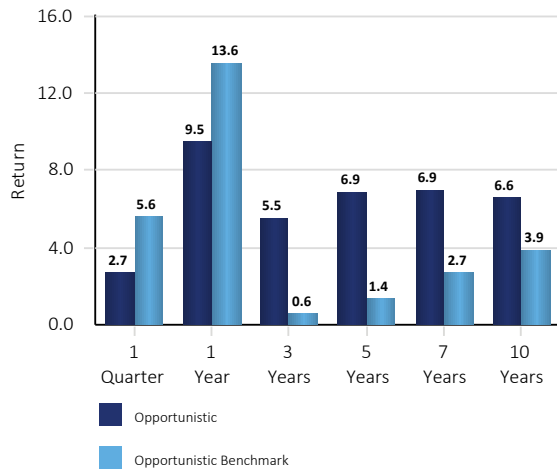
Opportunistic & Tactical

Performance Summary

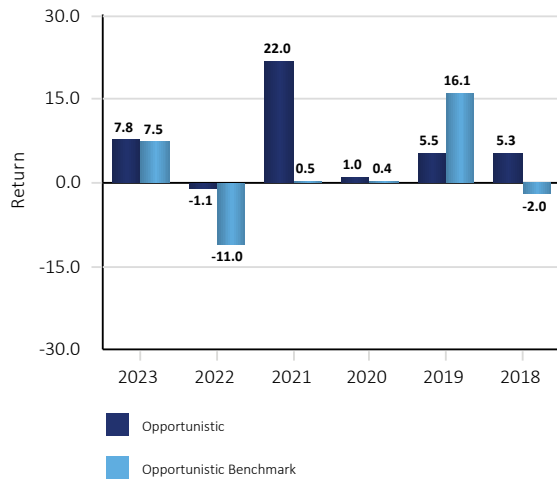
Opportunistic & Tactical

Periods Ended September 30, 2024

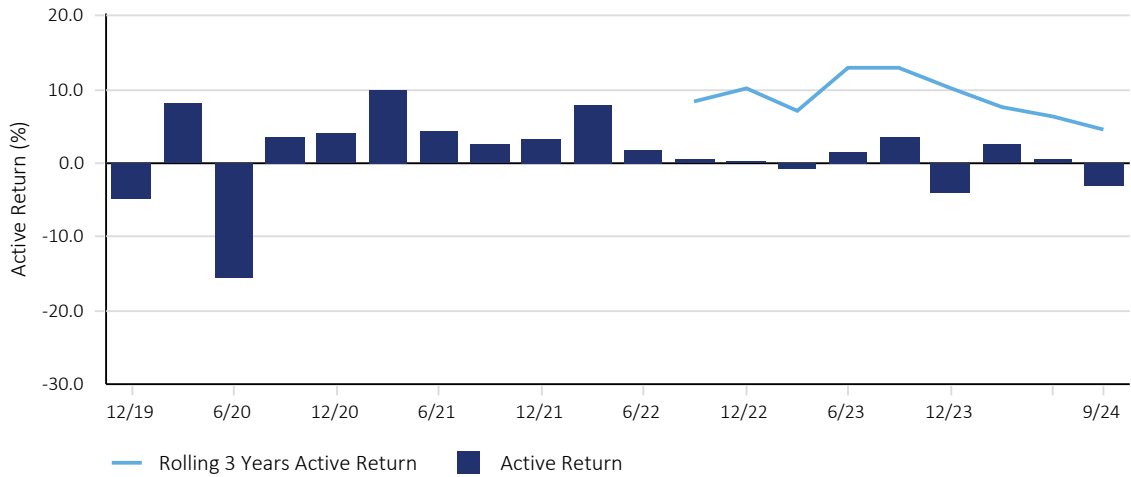
Comparative Performance



Comparative Performance



Quarterly Active Return



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Ohio SERS Investment Report

Quarterly Report to the Board

For the period ending: September 30, 2024

Prepared by Investment and IAD Staff

Farouki Majeed, Chief Investment Officer

Meeting Date: November 2024



Investment Agenda

- Annual Portfolio Review – Fixed Income
- Wilshire Quarterly Performance Report (September 30, 2024)
- Quarterly Investment Report (September 30, 2024)



Economic and Financial Market Outlook

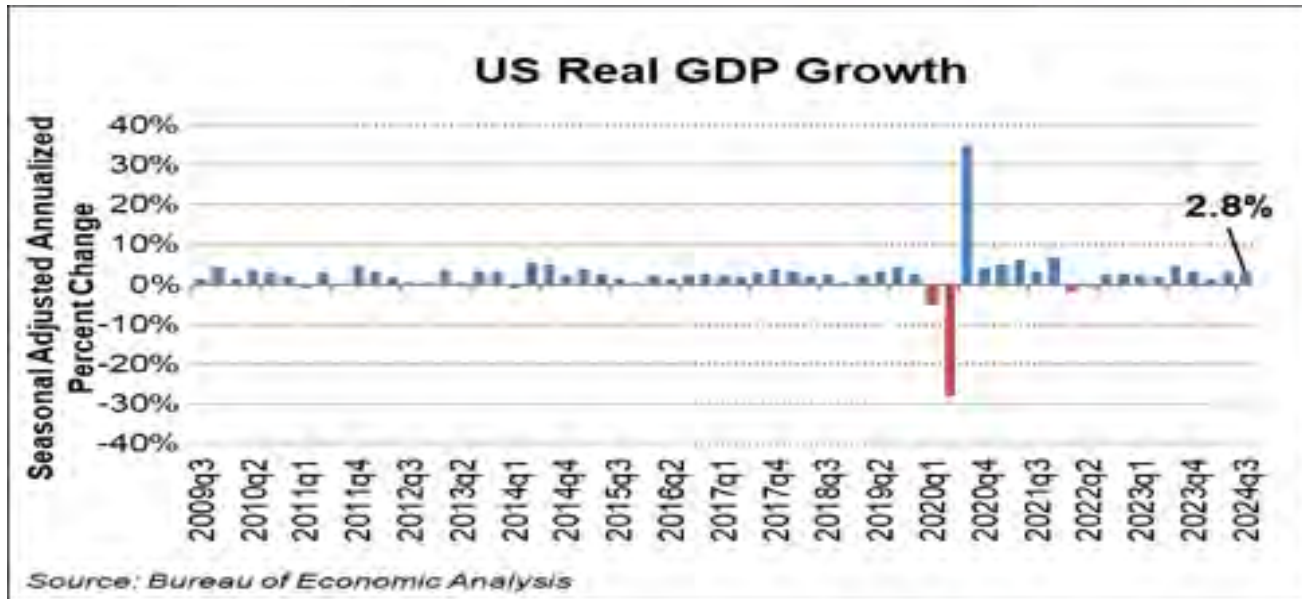
- The US economy growth was 2.8% in Q3, slightly lower than 3.0% in Q2. The Q3 growth was primarily contributed from personal consumption expenditures and government spending, which increased 3.7% and 5% on an annualized basis, respectively. The BCEI's September consensus projected 2.7% GDP growth for 2024. (Source: *Bureau of Economic Analysis and Blue Chip Economic Indicators (BCEI)*).
- The US labor market added 12,000 jobs in October, much lower than 223,000 in September, as the indicator was heavily impacted by recent storms and strikes. Healthcare and government sectors experienced solid job growth, while the manufacturing sector lost jobs. The unemployment rate was unchanged at 4.1%. The labor force participation was almost unchanged at 62.6%. (Sources: *Bureau of Labor Statistics and Department of Labor*).
- US headline inflation was 2.4% in September, down 0.1% from August. The food index appreciated 2.4%, while the energy index decreased 6.8% for the last 12 months. Core inflation was 3.3% in September, up 0.1% from August. Transportation services and rent inflation remained elevated at 8.5% and 4.9%, respectively, for the last 12 months. (Source: *Bureau of Labor Statistics*).
- The 10-year Treasury nominal yield increased substantially by 47 bps to 4.28% as of October end. The September current 10-year real yield, estimated by the gap between the 10-year Treasury nominal yield and current headline inflation was 1.41%, lower than the historical average by 0.38%. The Fed conducted the second interest rate cut of 0.25%, lowering the Fed Funds rate to the range of 4.50-4.75% on November 7.
- The housing market (S&P Case-Shiller 20-City home price index) was down 0.32% for the month yet gained 5.2% for the last 12 months as of August 2024.
- The Consumer Sentiment Index released by Thomson Reuters and the University of Michigan was up to 70.5 in October from 70.1 in September. Both the US and Global Economic Surprise indices were positive after four negative months, with the US at 8.6 and Global at 6.1 in September. The August Leading Economic Index (LEI) issued by the Conference Board was 99.7, declining 0.5% for the month and 2.6% for the 6-month period, indicating softer economic growth ahead.
- October S&P Flash US Composite PMI was at a solid expansion level of 54.3 thanks to the service sector's expansion as Flash Service PMI was 55.3. The manufacturing PMI declined by 0.7 to 46.5, indicating further contraction in manufacturing activities. Global manufacturing PMI decreased to 48.8 in September, remaining in the contraction territory for the third consecutive month. (Source: *Institute for Supply Management and S&P Global*).
- The equity markets were down in October. The US market (Russell 3000) was down 0.73%. Non-US Developed markets (MSCI World ex-USA) and Emerging markets (MSCI EM) lagged, returning (5.10%) and (4.45%), respectively, as the US Dollar appreciated 3.2%.
- The US fixed income market, Bloomberg Barclay's US Aggregate Bond Index, was down 2.27% in October.

Notes: Acronym – PMI – Purchasing-Managers' Index



ECONOMY

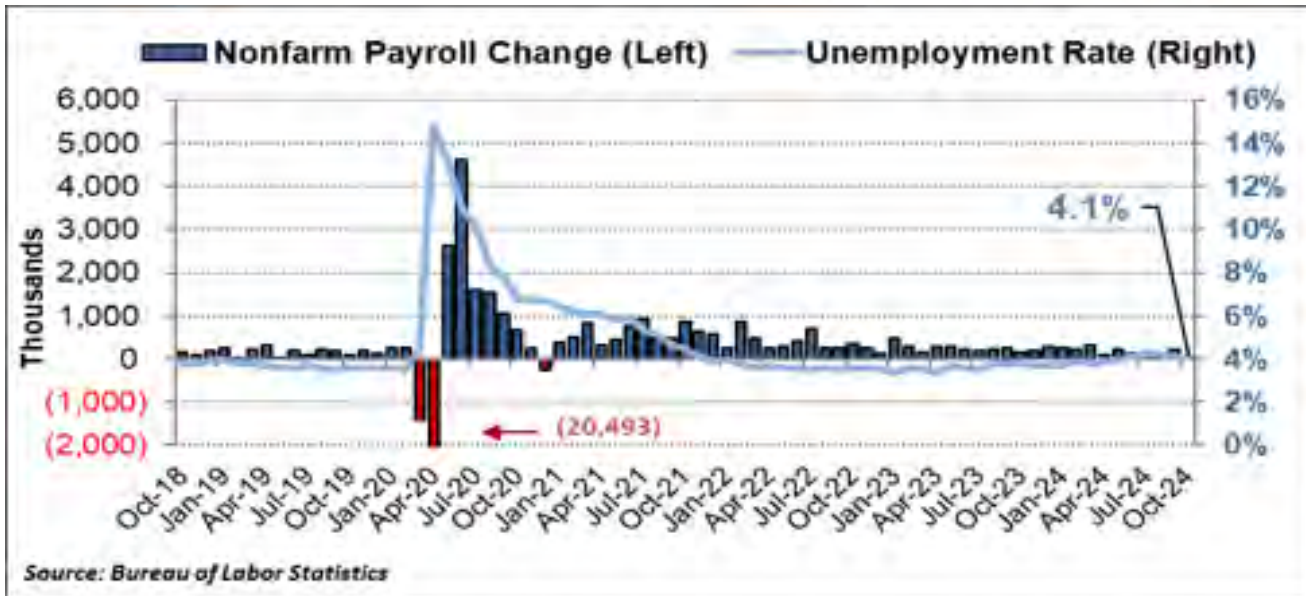
US Real Gross Domestic Product





ECONOMY

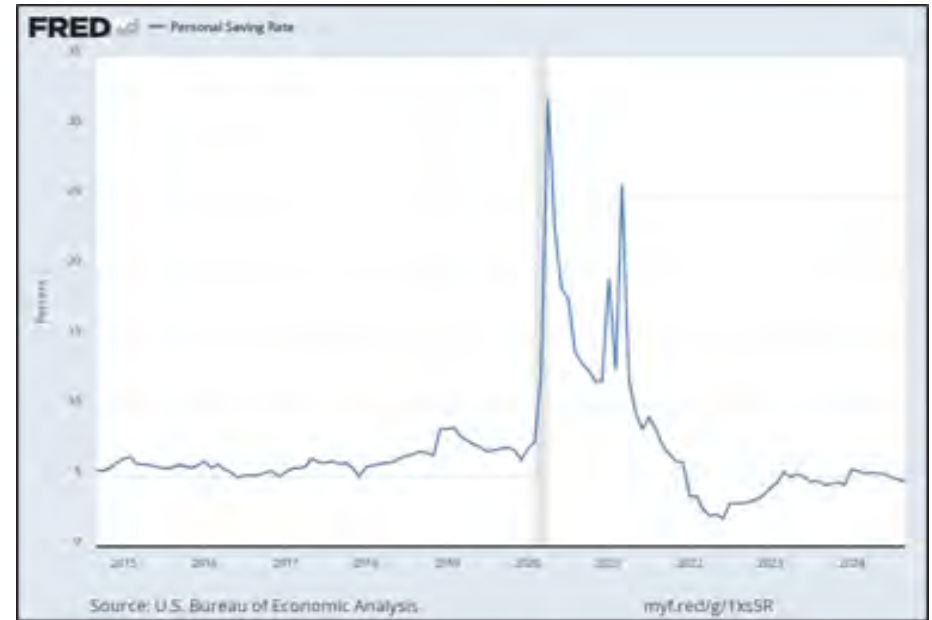
US Labor Market





ECONOMY

Personal Savings Rate & Personal Expenditures: Goods



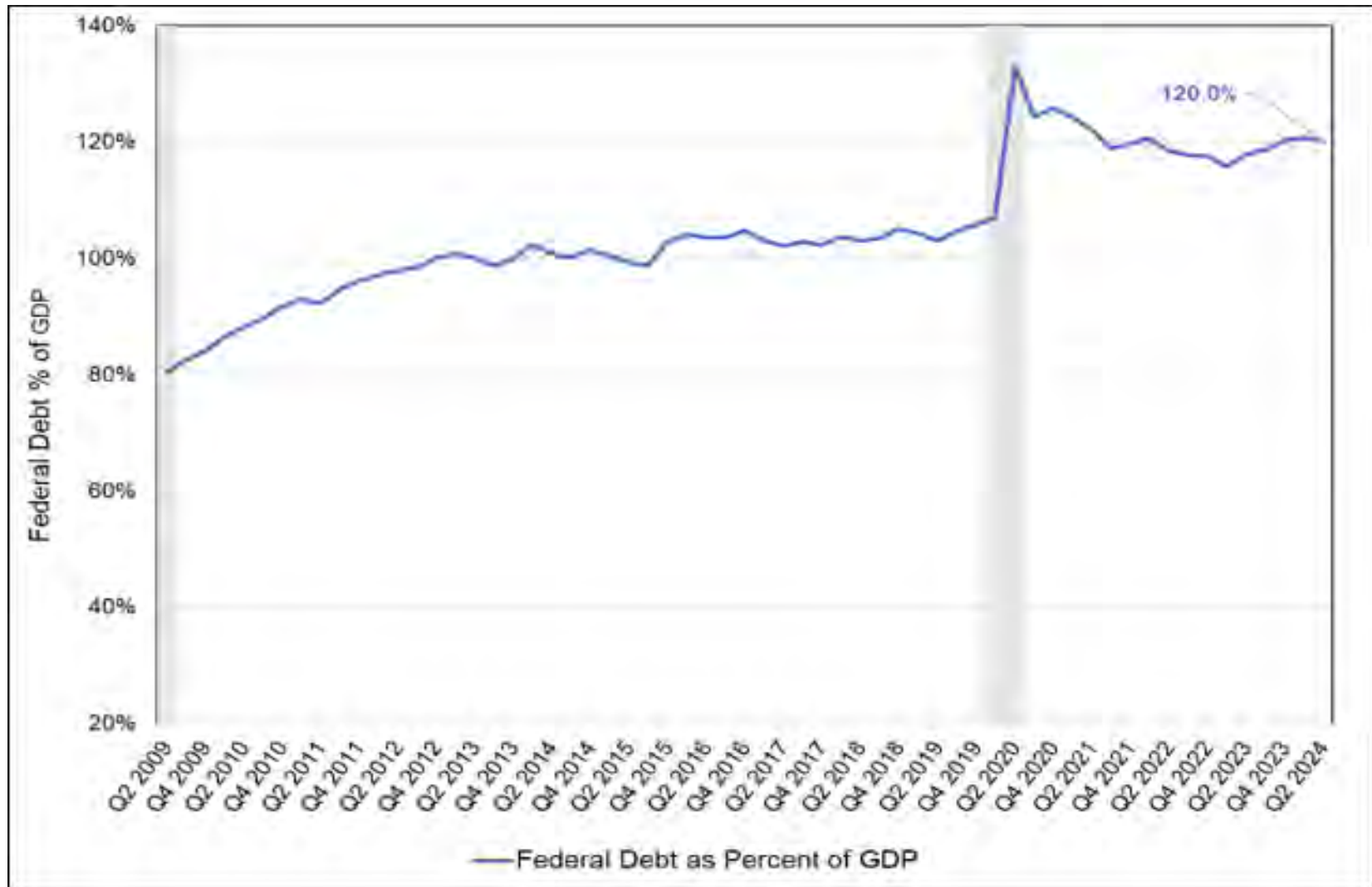
| Date | Annual Personal Savings Rate |
|--------|------------------------------|
| Jun-21 | 8.4% |
| Jun-22 | 2.0% |
| Jun-23 | 5.0% |
| Jun-24 | 5.2% |
| Sep-24 | 4.6% |

| Date | Personal Consumption Expenditures: Goods Change from Prior Year |
|--------|---|
| Jun-21 | 16.5% |
| Jun-22 | 8.3% |
| Jun-23 | 1.0% |
| Jun-24 | 2.1% |
| Sep-24 | 1.6% |



ECONOMY

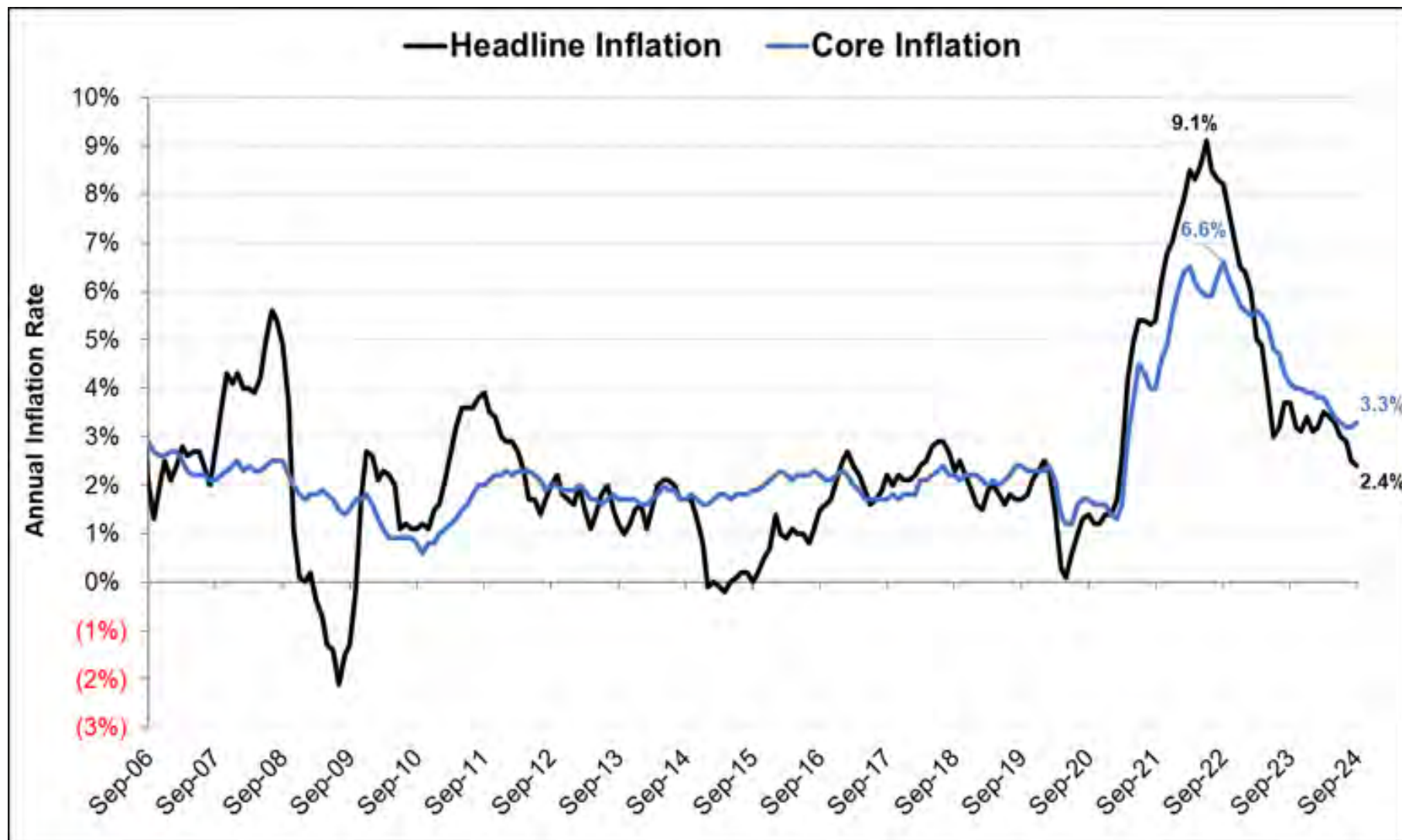
Federal Debt as Percent of GDP





ECONOMY

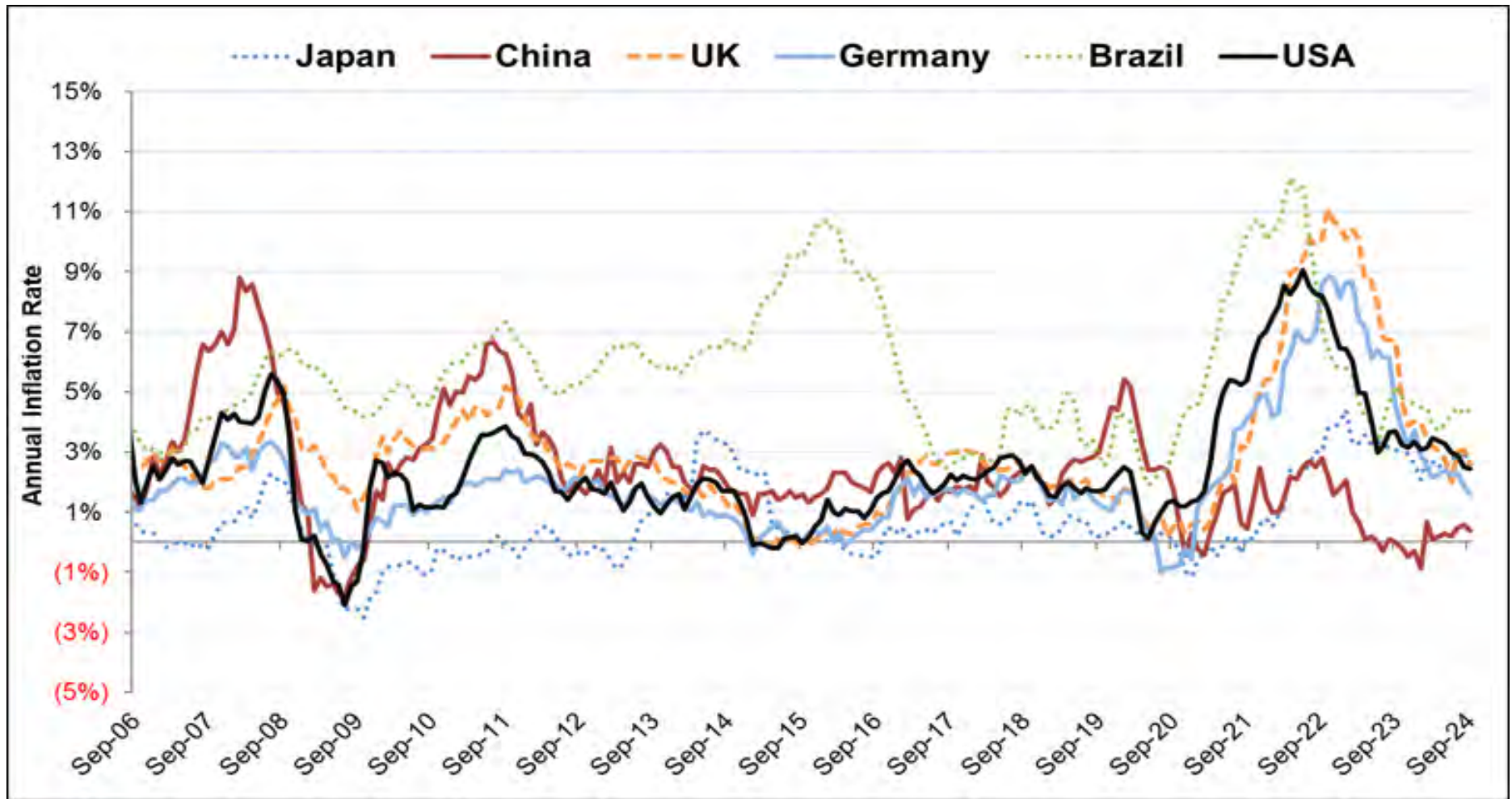
US Inflation





ECONOMY

Global Headline Inflation

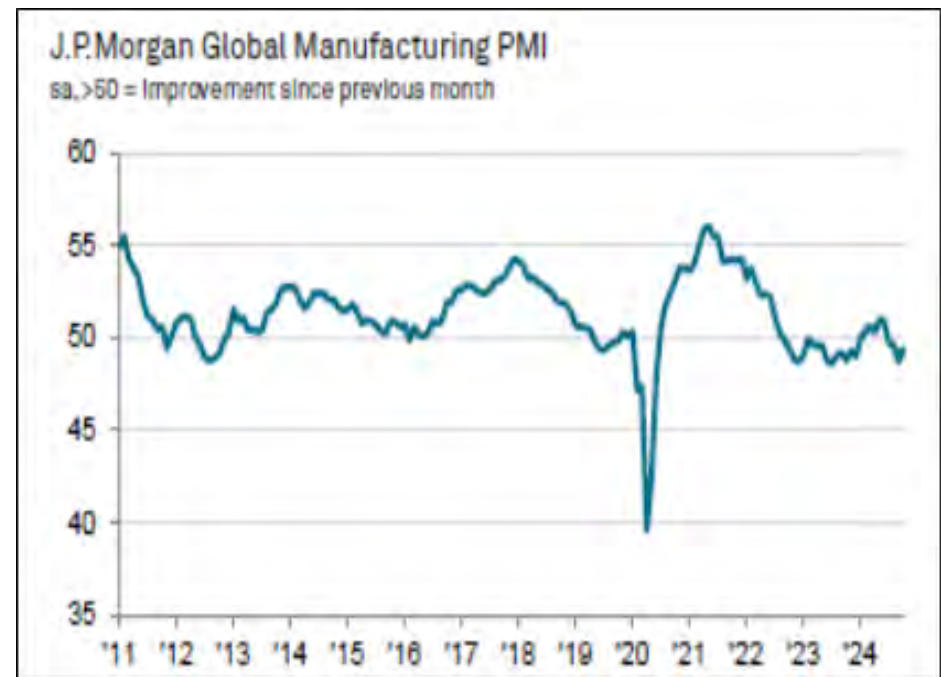


| | Japan | China | UK | Germany | Brazil | USA |
|--------|-------|-------|-----|---------|--------|-----|
| Sep-24 | 2.5 | 0.4 | 2.6 | 1.6 | 4.4 | 2.4 |



ECONOMY

US & Global Manufacturing Activities

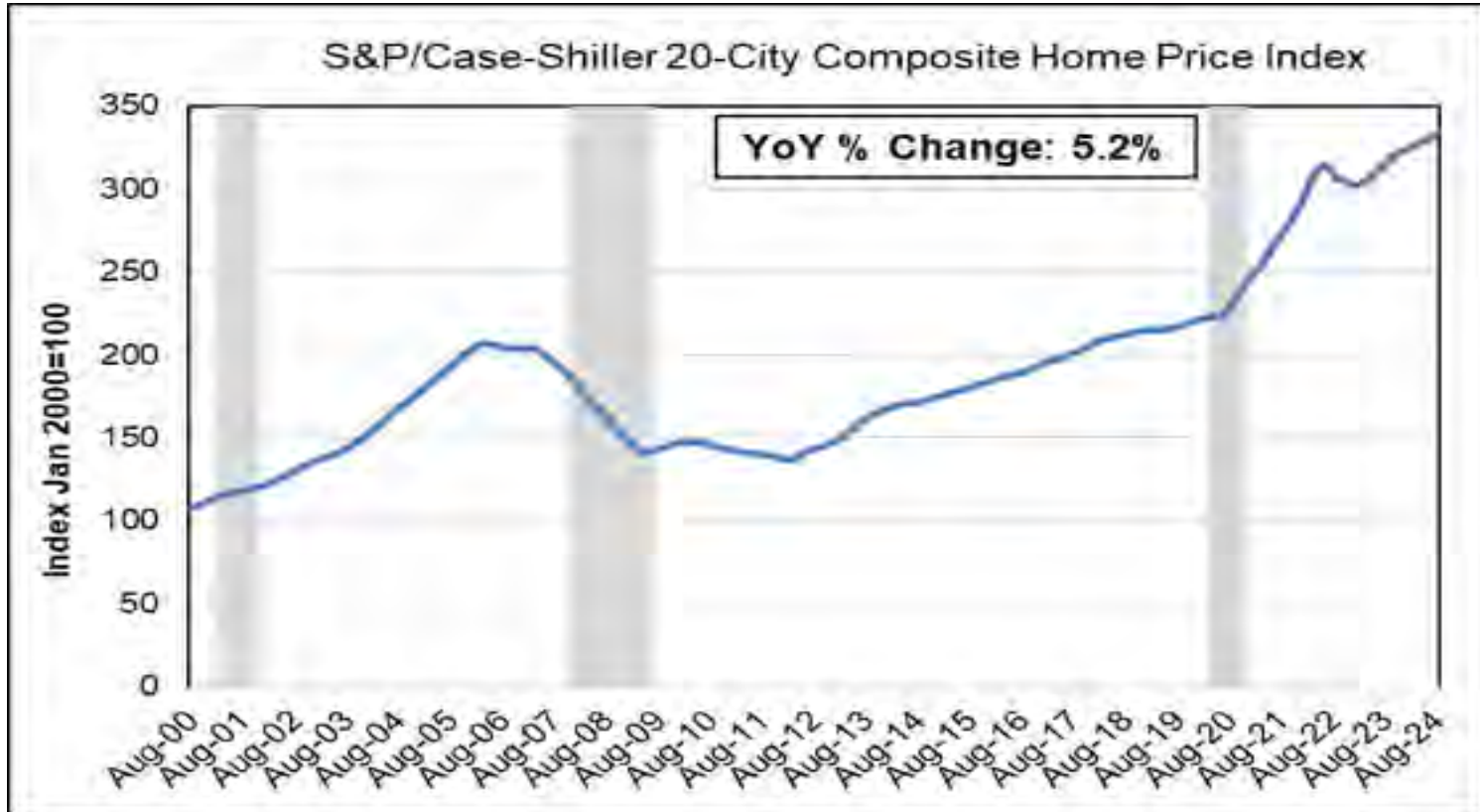


Source: Manufacturing ISM Report On Business & JPMorgan Global Manufacturing PMI™
Notes: Acronym – ISM – Institute of Supply Management; PMI – Purchasing Managers Index



ECONOMY

US Housing Market

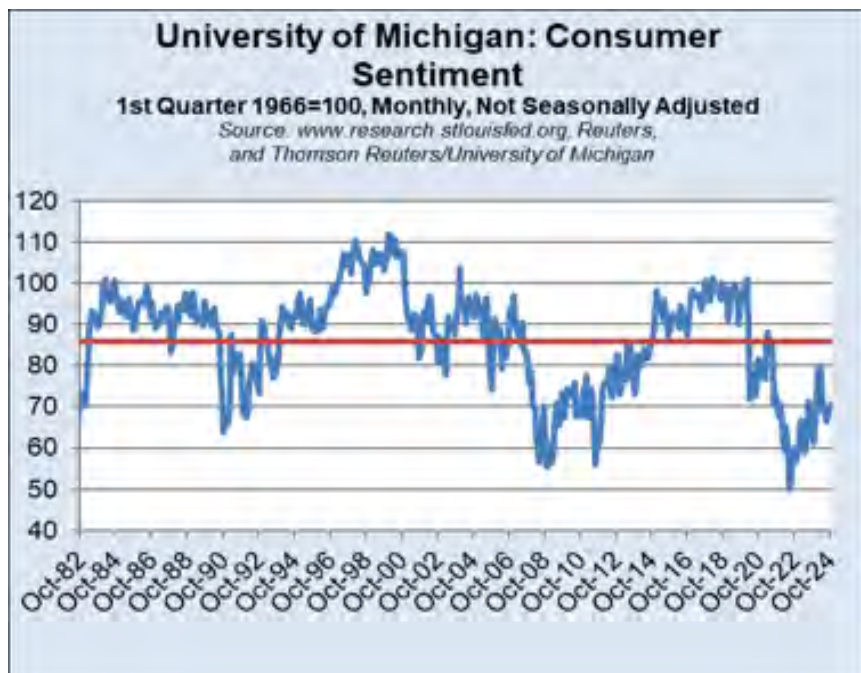


| Date | S&P Case-Shiller 20-City Home Price Index January 2000 = 100, Seasonally Adjusted |
|--------|--|
| Jul-21 | 269.46 |
| Jul-22 | 312.38 |
| Jul-23 | 312.82 |
| Jul-24 | 331.25 |
| Aug-24 | 332.42 |



ECONOMY

Consumer Sentiment



| Index of Consumer Sentiment | | | | |
|-----------------------------|--------|--------|------------|------------|
| Sep-24 | Oct-24 | Oct-23 | M-M Change | Y-Y Change |
| 70.1 | 70.5 | 63.8 | 0.6% | 10.5% |

The Leading Economic Index (LEI)



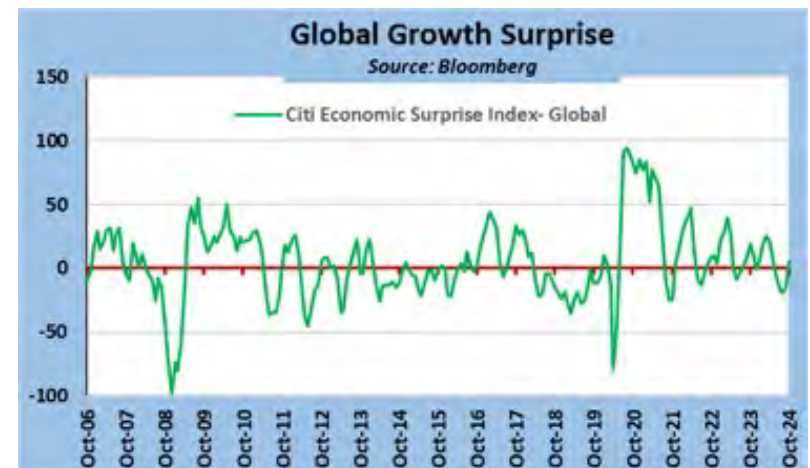
Shaded areas represent US recessions

| Index | Aug-24 | Sep-24 | Month -Month Percent Change | 6-Month Percent Change (Mar-Sep) |
|-------|---------|--------|-----------------------------|----------------------------------|
| LEI | 100.2 r | 99.7 p | -0.5 | -2.6 |

p Preliminary; r Revised; Indexes equal 100 in 2016



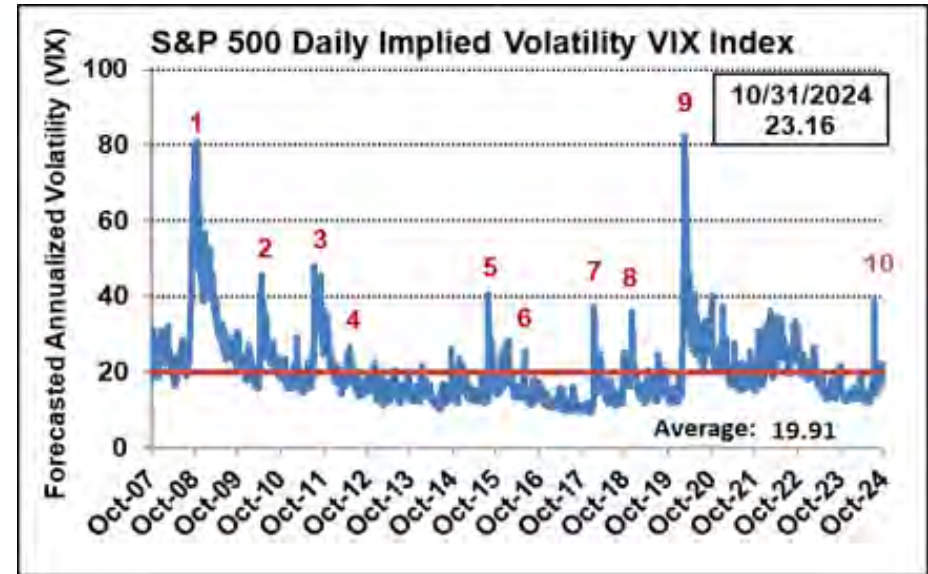
ECONOMY





MARKETS

Equity

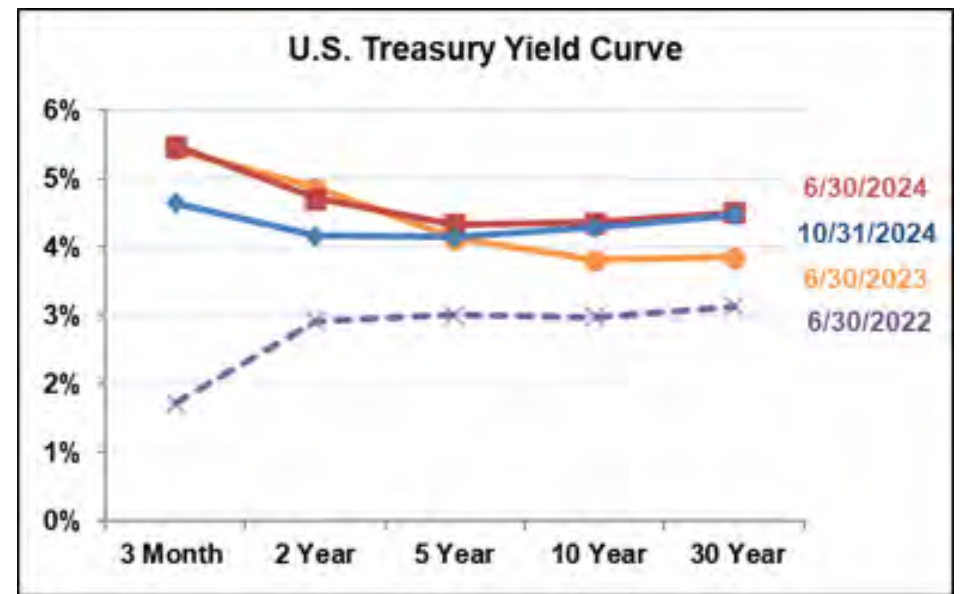
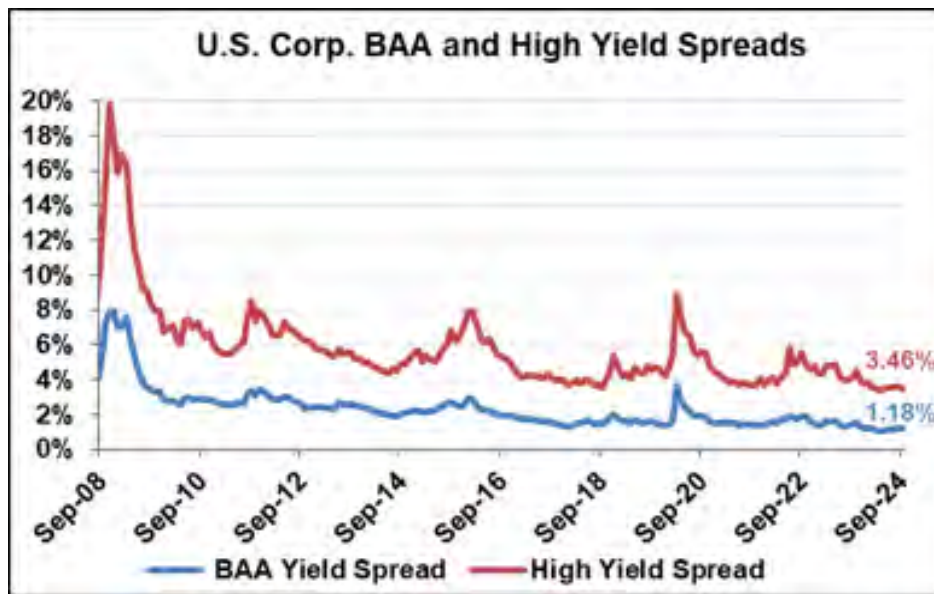


| | Return as of 10/31/2024 | |
|-------------------------------|-------------------------|------|
| | 1 Year | FYTD |
| S&P 500 Index | 38.02 | 4.93 |
| MSCI - EAFE + Canada Index | 23.84 | 2.26 |
| MSCI - Emerging Markets Index | 25.31 | 3.89 |

- 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%
- 10 2024 (Aug.) Crowded FX (Japanese Yen) trade, recession fear S&P 500: -6.0%



MARKETS Fixed Income





MARKETS Foreign Exchange

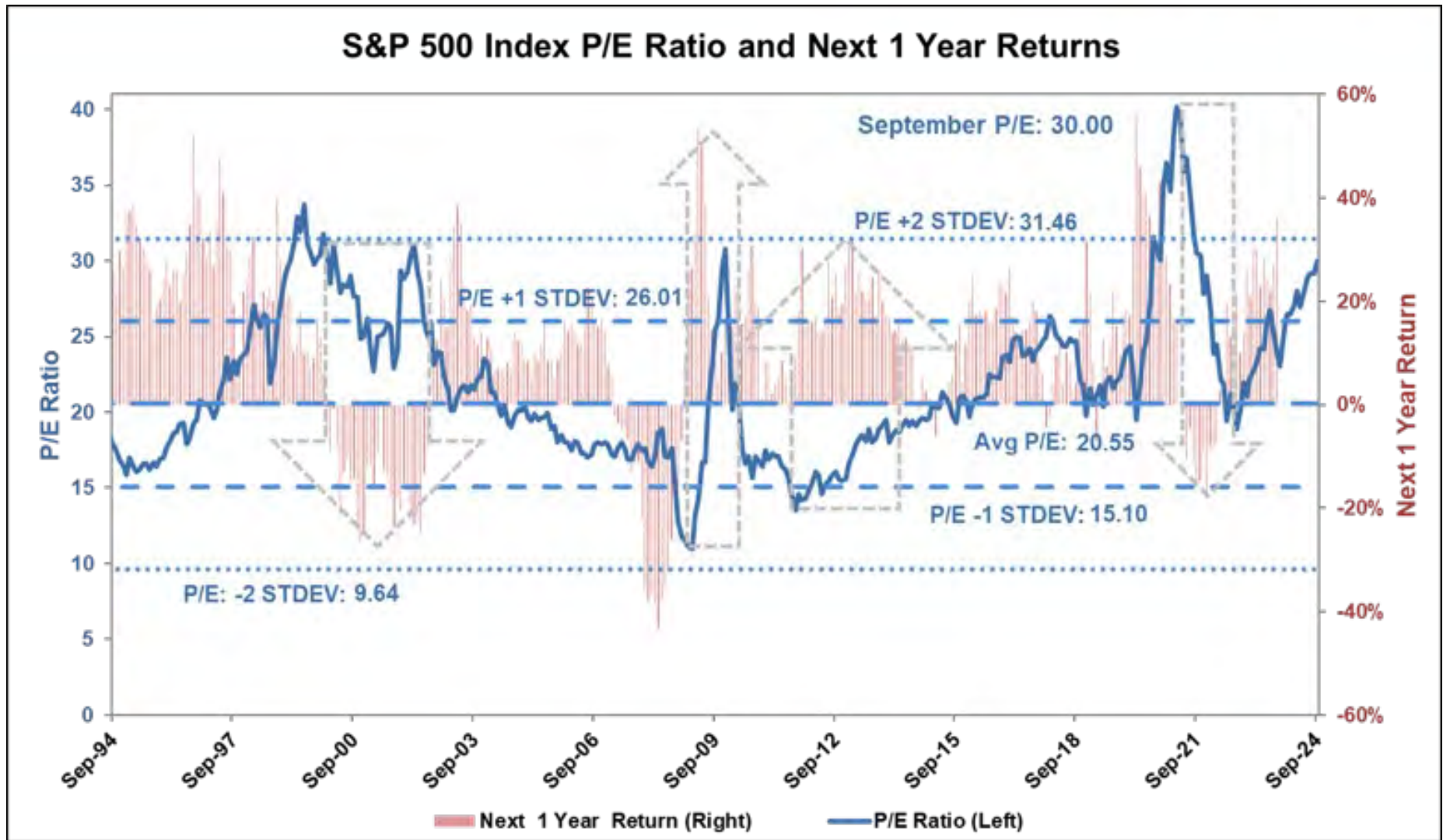


| Date | U.S. / Euro Foreign Exchange Rate U.S. Dollars to One Euro |
|------------------|--|
| June-21 | 1.18 |
| June-22 | 1.05 |
| June-23 | 1.09 |
| June-24 | 1.07 |
| October 31, 2024 | 1.08 |

| Date | Nominal Broad U.S. Dollar Index January 2006=100 |
|------------------|--|
| June-21 | 112.85 |
| June-22 | 121.05 |
| June-23 | 119.89 |
| June-24 | 124.52 |
| October 31, 2024 | 125.02 |



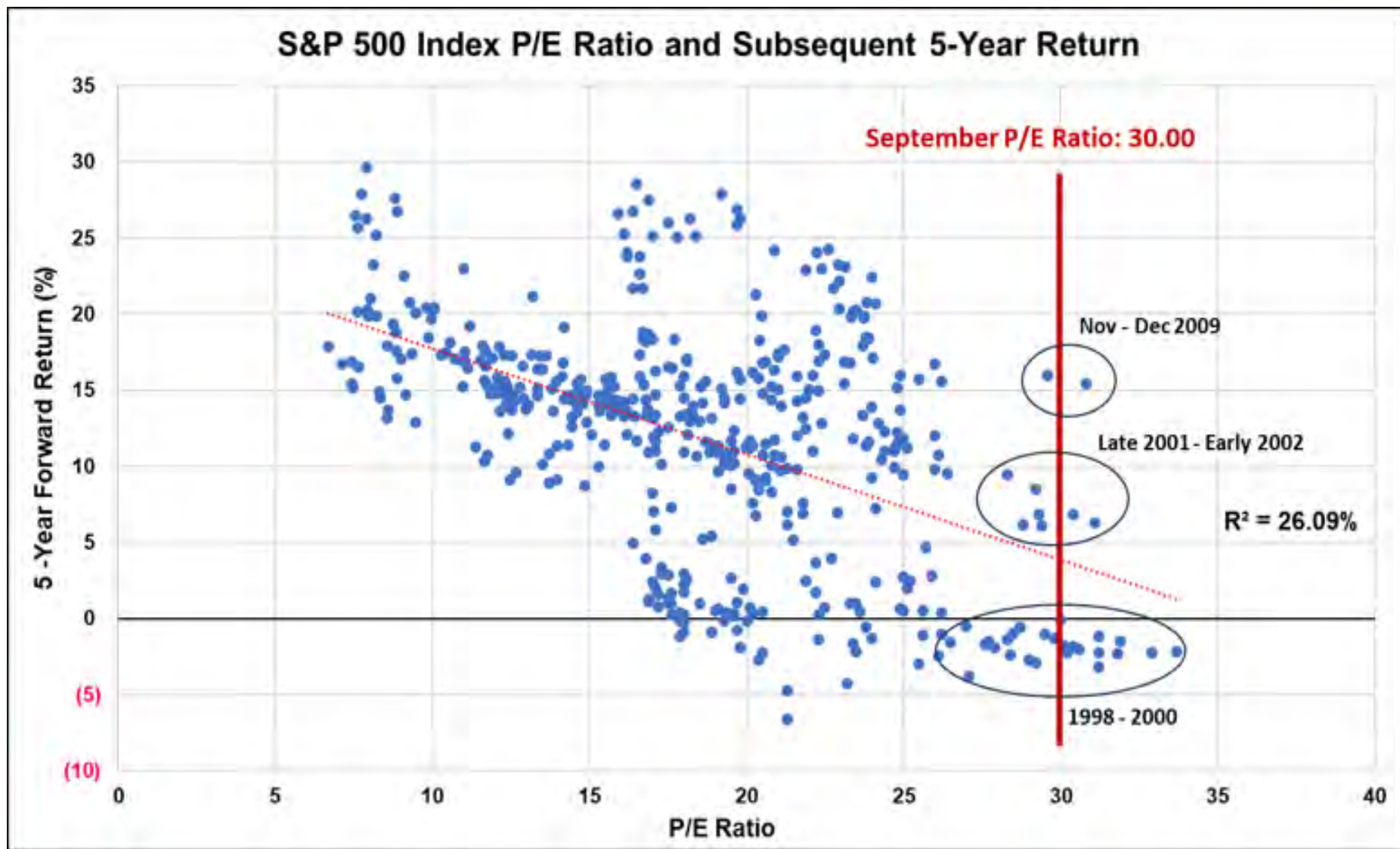
VALUATION US Equity





VALUATION

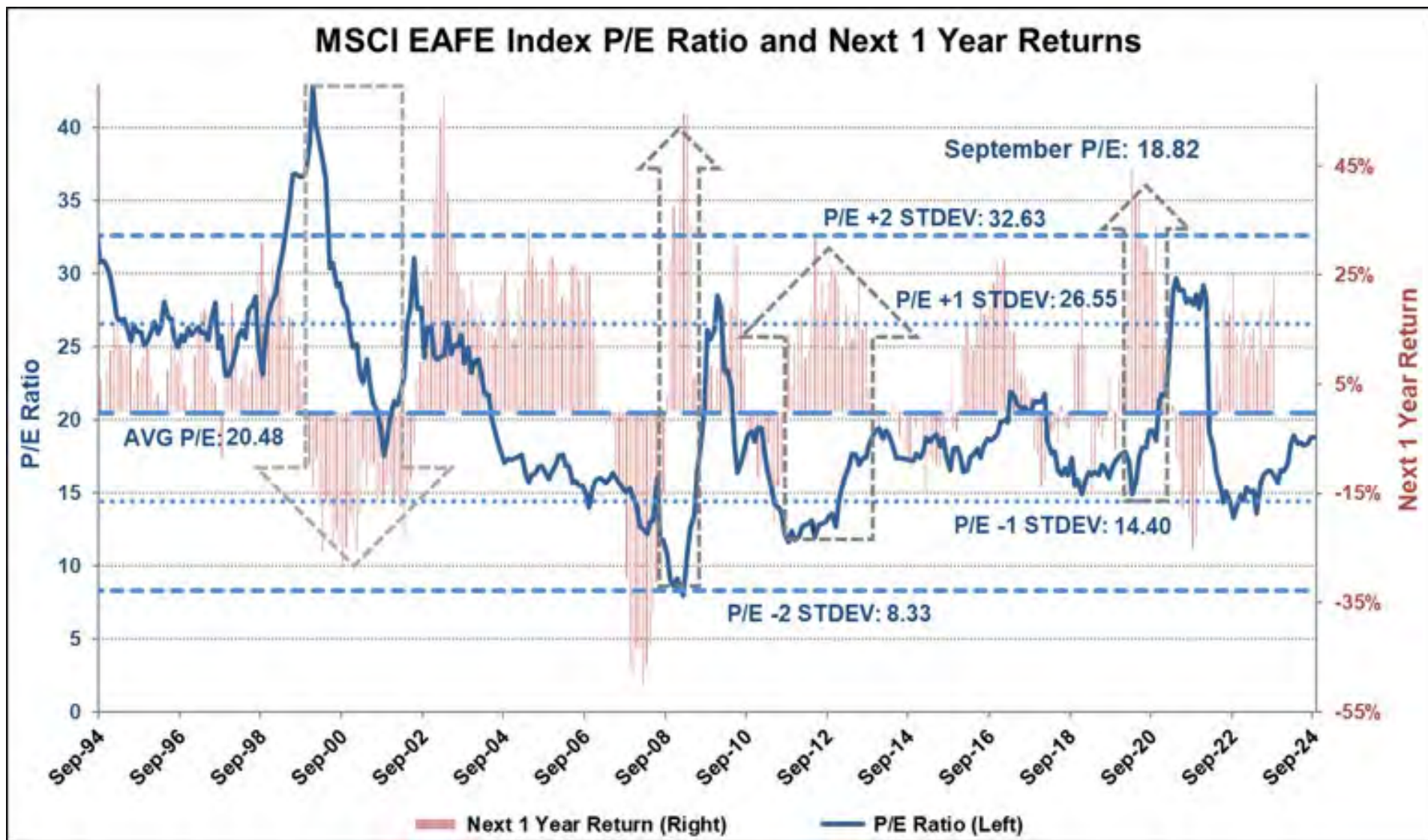
US Equity





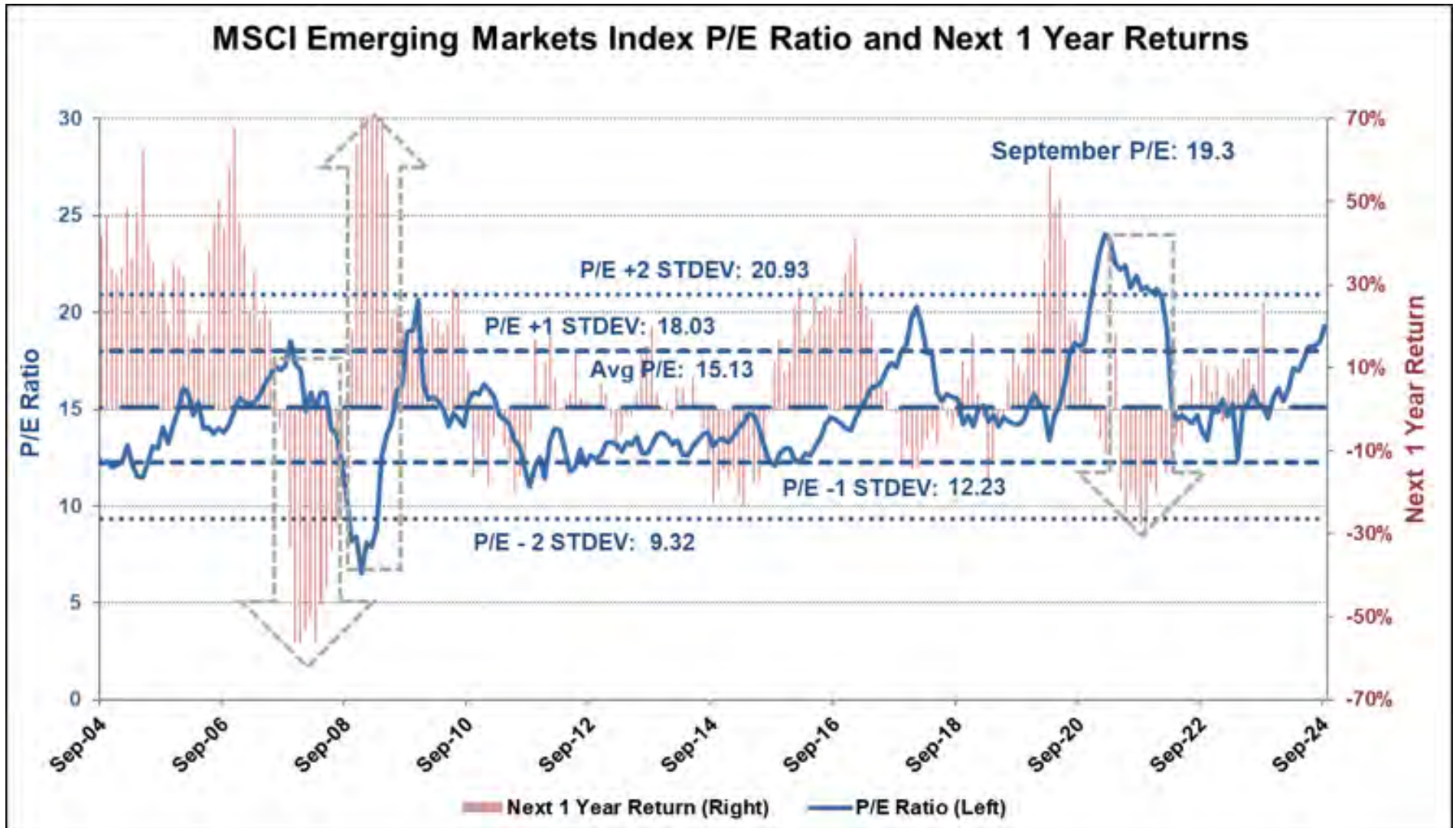
VALUATION

Non US Developed Market Equity



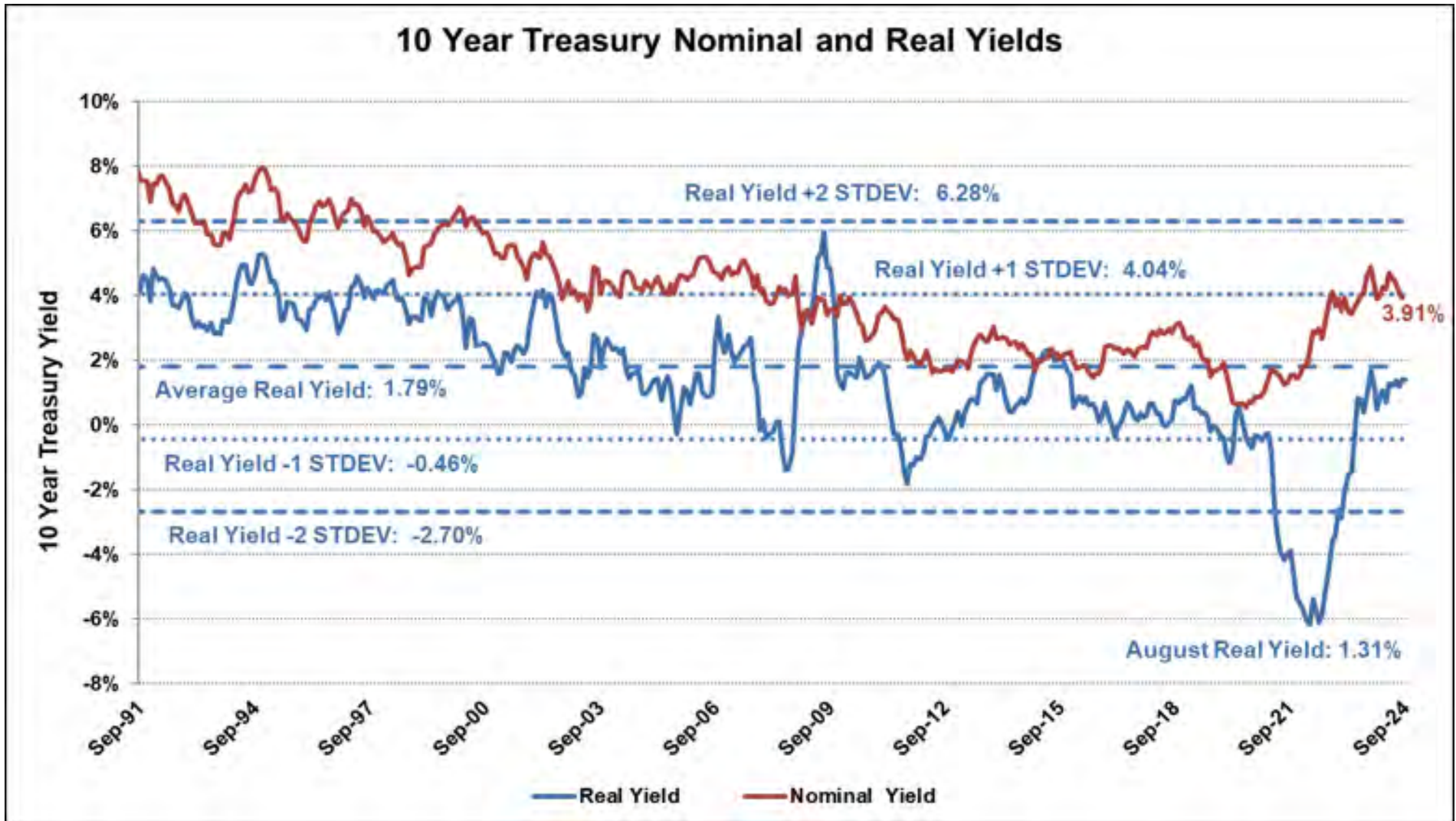


VALUATION Emerging Market Equity





VALUATION US Treasury Bonds





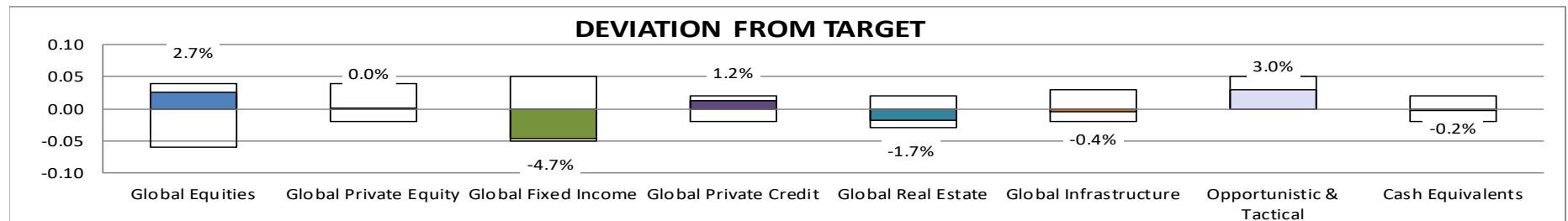
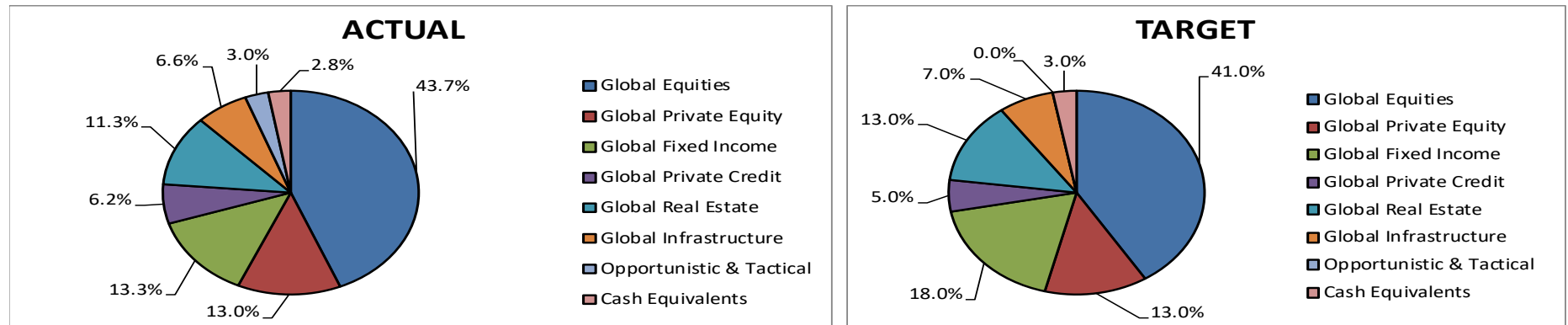
SERS' Investment Portfolios Review



Total Fund Asset Allocation

| Asset Class | Market Value \$ | Actual | Target | Range |
|-------------------------------------|-----------------------|---------------|---------------|-----------|
| Global Equities | 8,565,828,523 | 43.7% | 41.0% | 35% - 45% |
| Global Private Equity | 2,557,959,998 | 13.0% | 13.0% | 11% - 17% |
| Global Fixed Income | 2,616,753,898 | 13.3% | 18.0% | 13% - 23% |
| Global Private Credit | 1,222,667,901 | 6.2% | 5.0% | 3% - 7% |
| Global Real Estate | 2,208,030,525 | 11.3% | 13.0% | 10% - 15% |
| Global Infrastructure | 1,302,647,501 | 6.6% | 7.0% | 5% - 10% |
| Opportunistic & Tactical | 578,574,206 | 3.0% | 0.0% | 0% - 5% |
| Cash Equivalents | 554,973,362 | 2.8% | 3.0% | 1% - 5% |
| Short-Term | 476,103,524 | 2.4% | 2.0% | |
| Russell EA Overlay | 33,001,538 | 0.2% | 0.0% | |
| Direct Rebalance Overlay | 7,653,927 | 0.0% | 0.0% | |
| Transition / Operational Account | 1,125,631 | 0.0% | 0.0% | |
| Currency Overlay | 16,770,703 | 0.1% | 0.0% | |
| SERS Cash | 20,318,040 | 0.1% | 0.0% | |
| Total Fund | 19,607,435,915 | 100.0% | 100.0% | |

Source: BNY Mellon GRS





Total Fund Change in Net Assets

CHANGE IN NET ASSETS

| | vs. One Year Ago, since 10/01/2023 | vs. Three Years Ago, since 10/01/2021 |
|-----------------------------------|---------------------------------------|--|
| Beginning Market Value | 17,455,148,332 | 17,959,433,379 |
| Gain/Loss | 2,786,715,350 | 3,589,251,711 |
| Expenses | (119,427,767) | (316,249,176) |
| Net Transfer | (515,000,000) | (1,625,000,000) |
| End of Period Market Value | 19,607,435,915 | 19,607,435,915 |

**Sources of Net Transfer*

| | |
|---------------------------|--------------|
| <i>Dividends/Interest</i> | 230,250,995 |
| <i>Net Distributions</i> | 284,749,005 |
| <i>Cash on Hand</i> | Not Required |



Total Fund Fees by Quarter

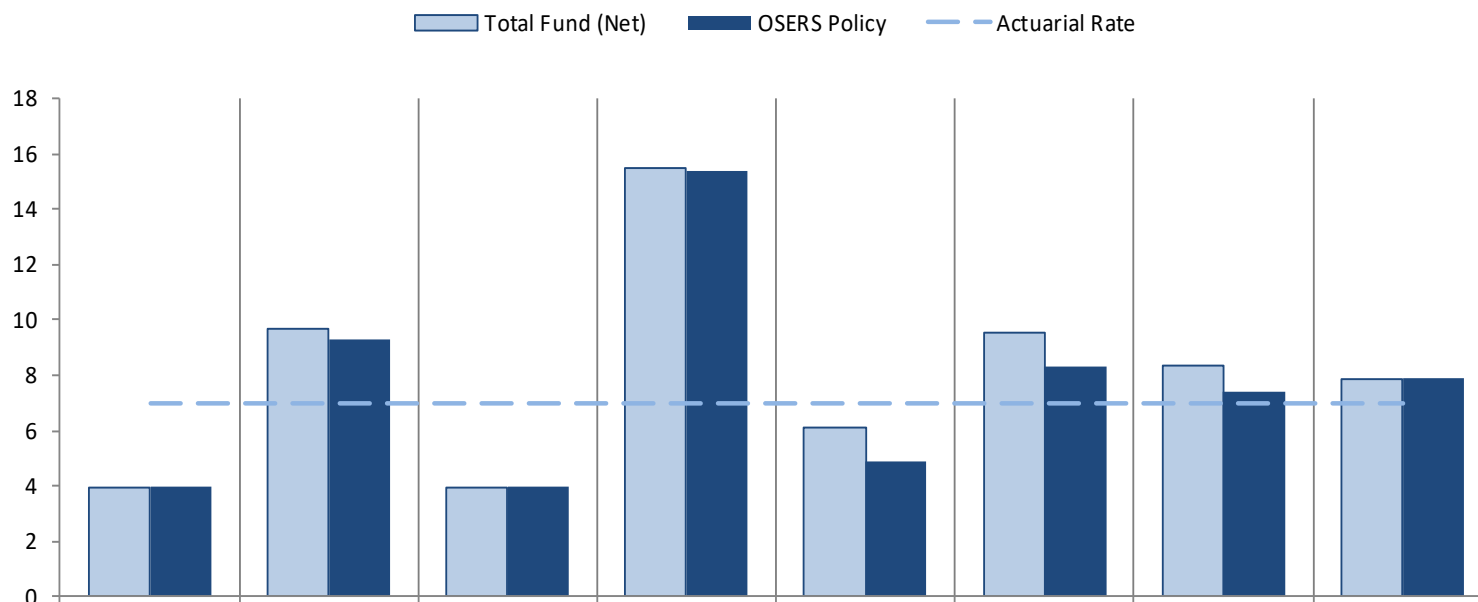




Total Fund Performance

Current Benchmark:

41% MSCI ACWI (Net Dividends)
 13.00% Burgiss All Private Equity
 benchmark (1q lag) (BAPE)
 18.00% Bloomberg US Universal Bond
 13.00% NCREIF Property
 (1Qtr in Arrears Monthized)
 7.00% Quarterly (4 qtrs.) smoothed CPI
 +1.20% per quarter
 5.00% 90 Day T-Bill (1q lag) + 4.5%
 3.00% FTSE 30 Day T-Bill



Actuarial Rate

(7.0% effective 07/01/2021, adopted 04/15/2021)

| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year | ITD* |
|--------------------------|--------|-------|--------|--------|--------|--------|---------|------|
| Total Fund (Gross) | 4.14 | 10.26 | 4.14 | 16.32 | 6.89 | 10.22 | 9.02 | 8.49 |
| Total Fund (Net) | 3.96 | 9.71 | 3.96 | 15.50 | 6.13 | 9.50 | 8.33 | 7.95 |
| OSERS Policy | 4.00 | 9.27 | 4.00 | 15.35 | 4.88 | 8.32 | 7.40 | 7.88 |
| Value Added (Net of Fee) | (0.04) | 0.44 | (0.04) | 0.15 | 1.25 | 1.18 | 0.93 | 0.07 |

| | | | | | | | |
|---|---------|--------|---------|--------|---------|-----------|-----------|
| Estimated Cumulative Net Value Added (\$MM)** | (\$7.0) | \$80.1 | (\$7.0) | \$24.6 | \$734.2 | \$1,120.3 | \$1,869.2 |
|---|---------|--------|---------|--------|---------|-----------|-----------|

Source: BNY Mellon GRS

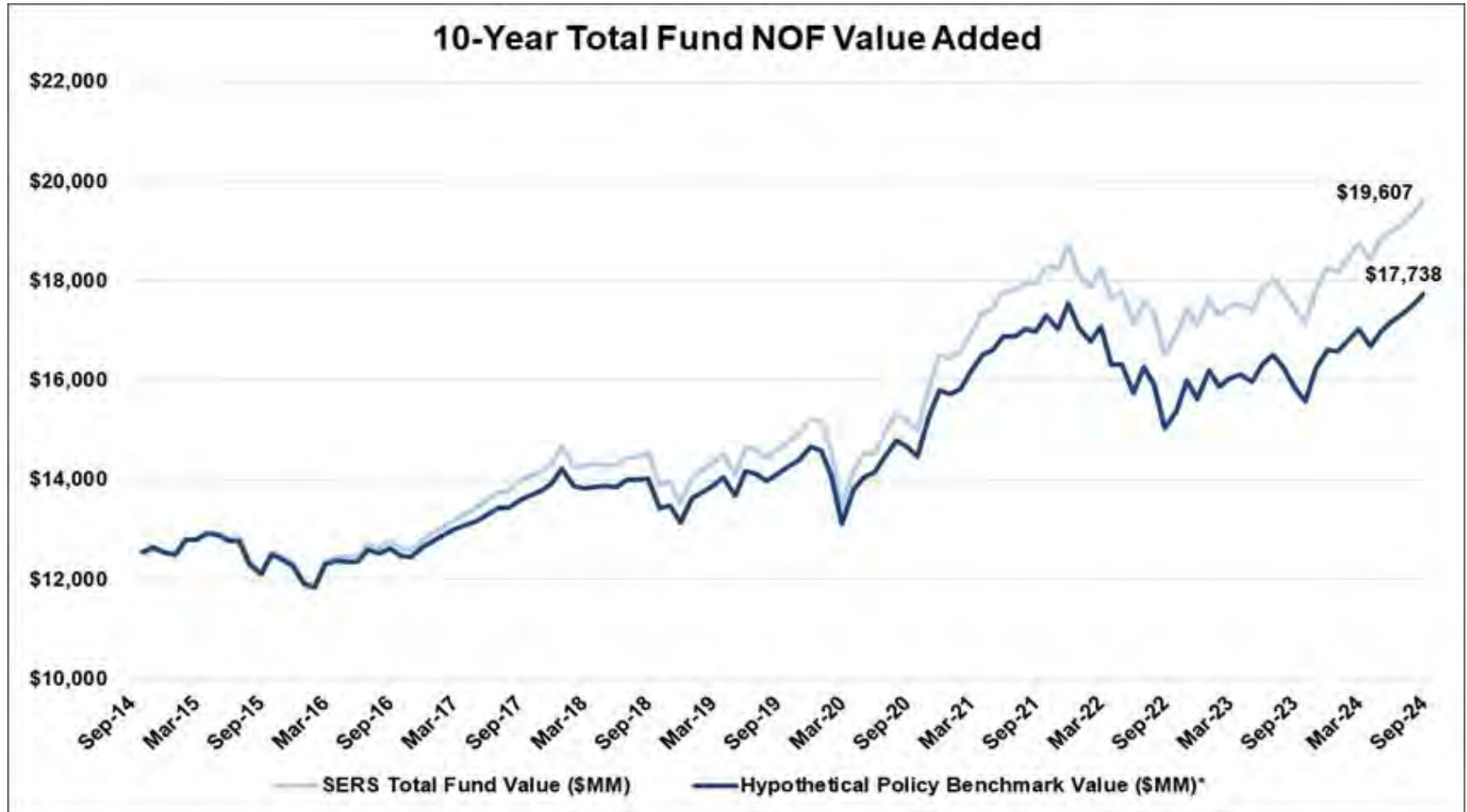
*ITD is Inception date 10/1/1994 (30 years and 0 months)

**For each period, calculated as the difference between the actual change in fund assets and the hypothetical change in fund assets under a benchmark-returns scenario.

**Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.



Total Fund Performance



| Fiscal Year Net Excess Return (%) | | | | | | | | | |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
| (0.22) | 0.33 | 1.50 | 0.86 | 0.06 | (0.64) | 2.66 | 3.01 | 0.23 | 0.90 |

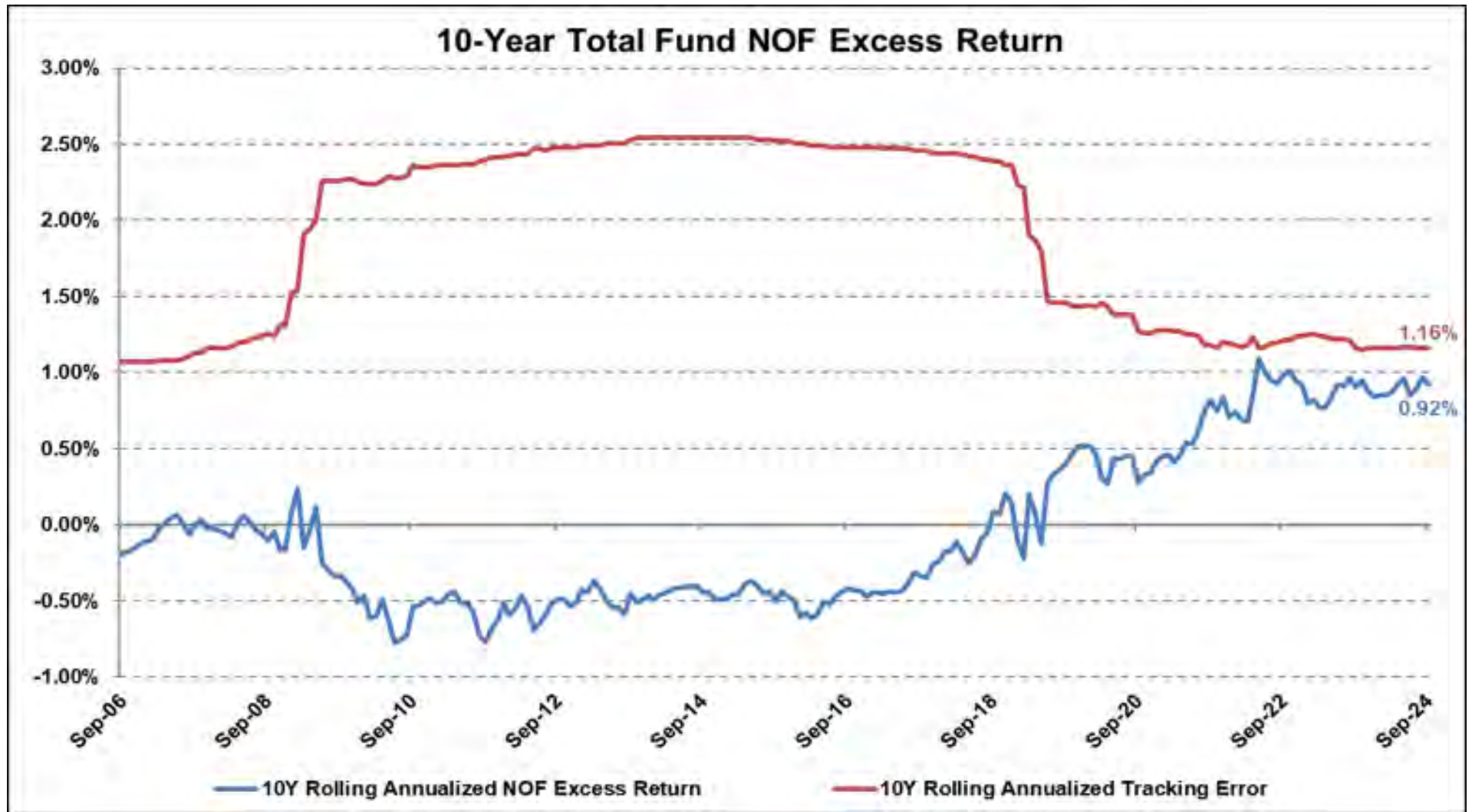
Source: BNY Mellon GRS

*Calculated as the hypothetical change in fund assets under a policy benchmark-returns scenario.

*Assumes portfolio in benchmark-returns scenario is rebalanced monthly to target weights after deducting calculated net cash flow, with no allowance for fees.

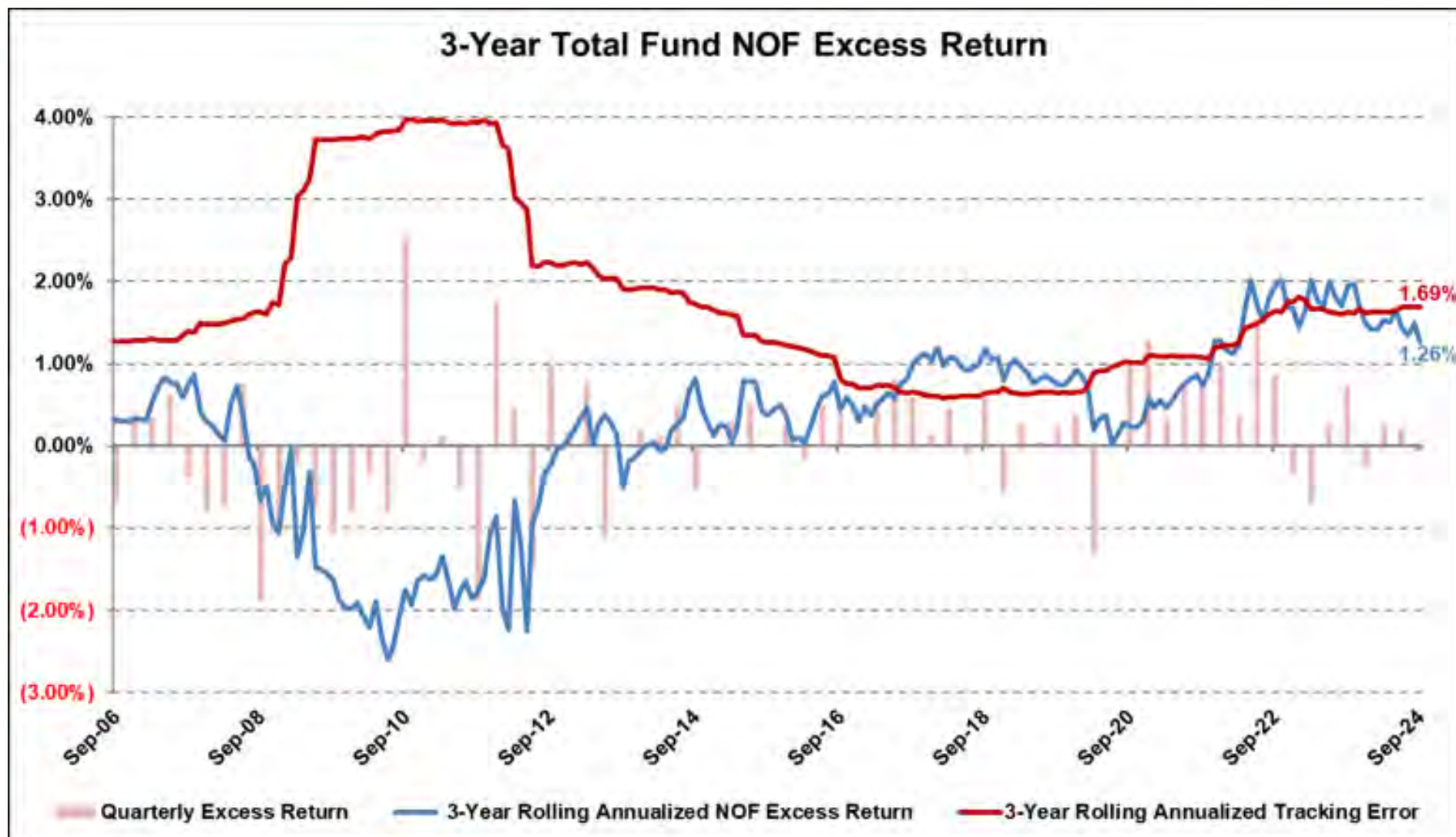


Total Fund Performance



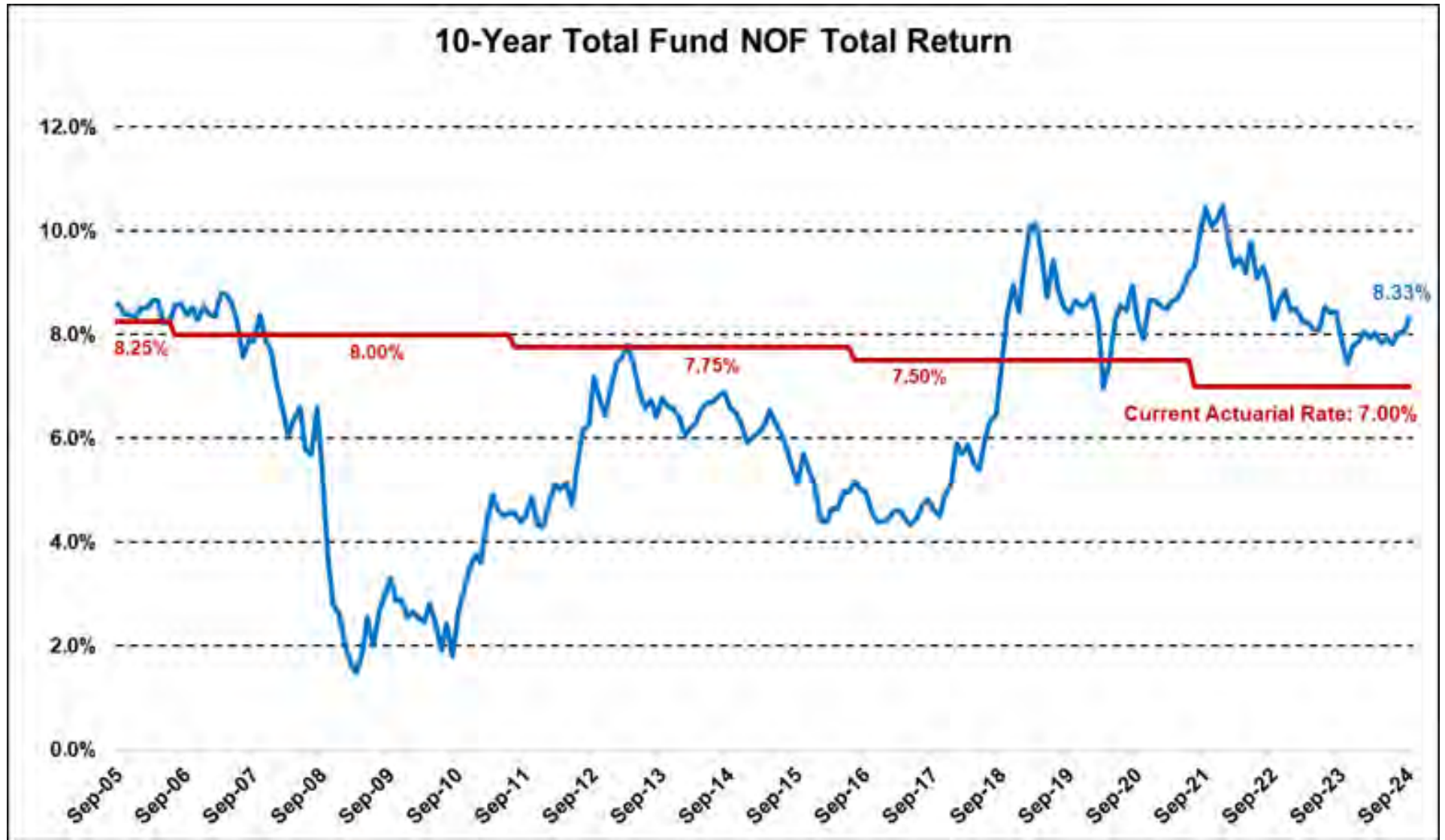


Total Fund Performance



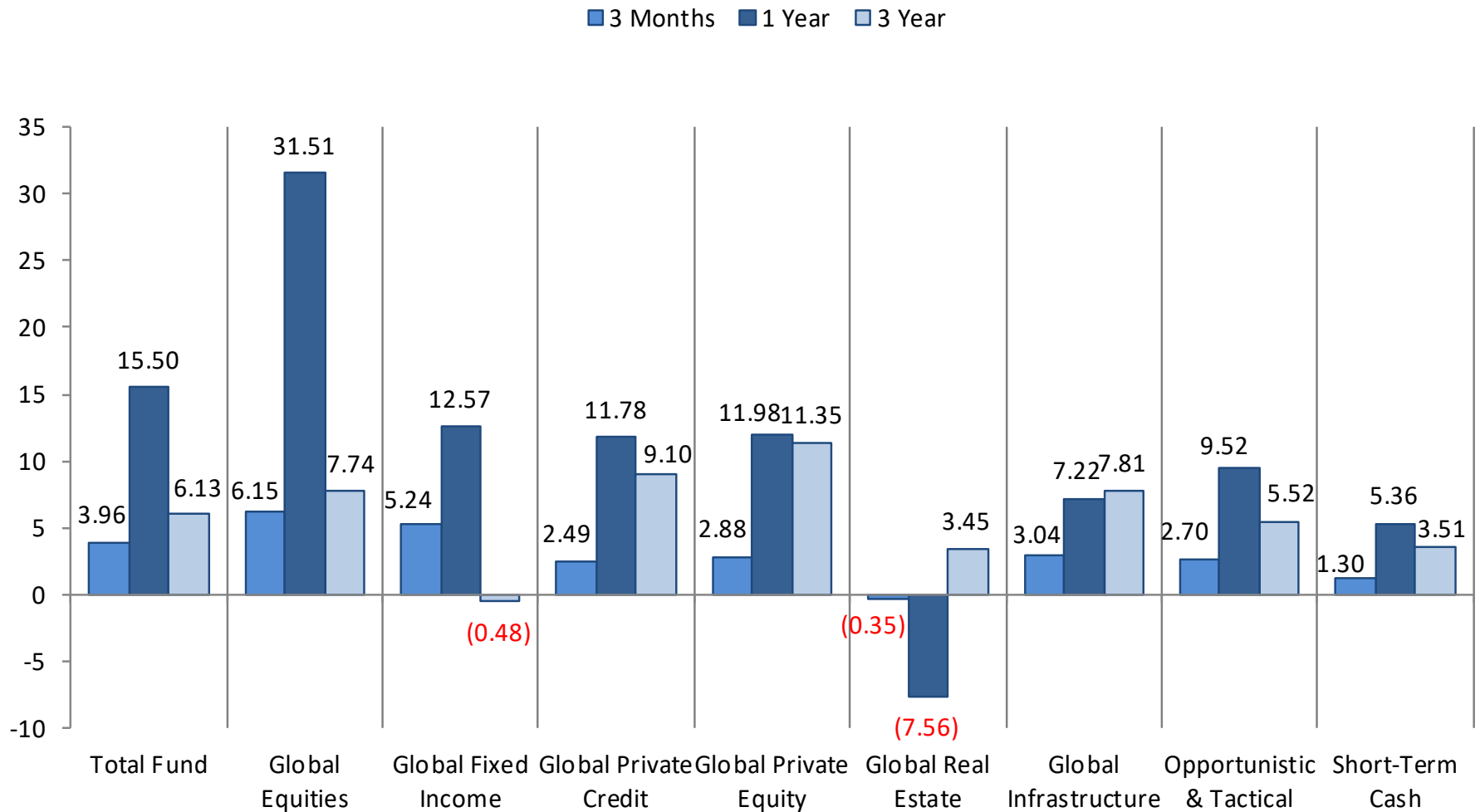


Total Fund Performance





Total Fund and Asset Class Performance (Net)

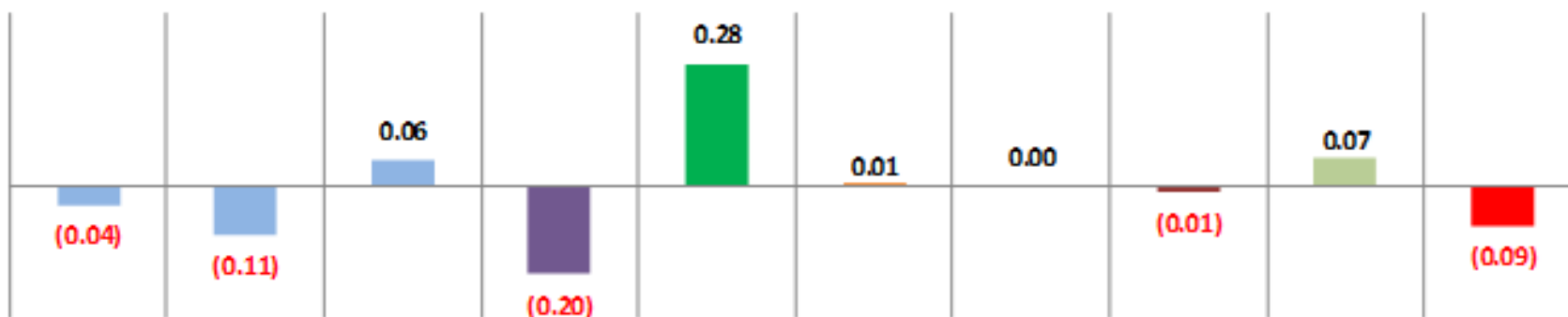


Source: BNY Mellon GRS

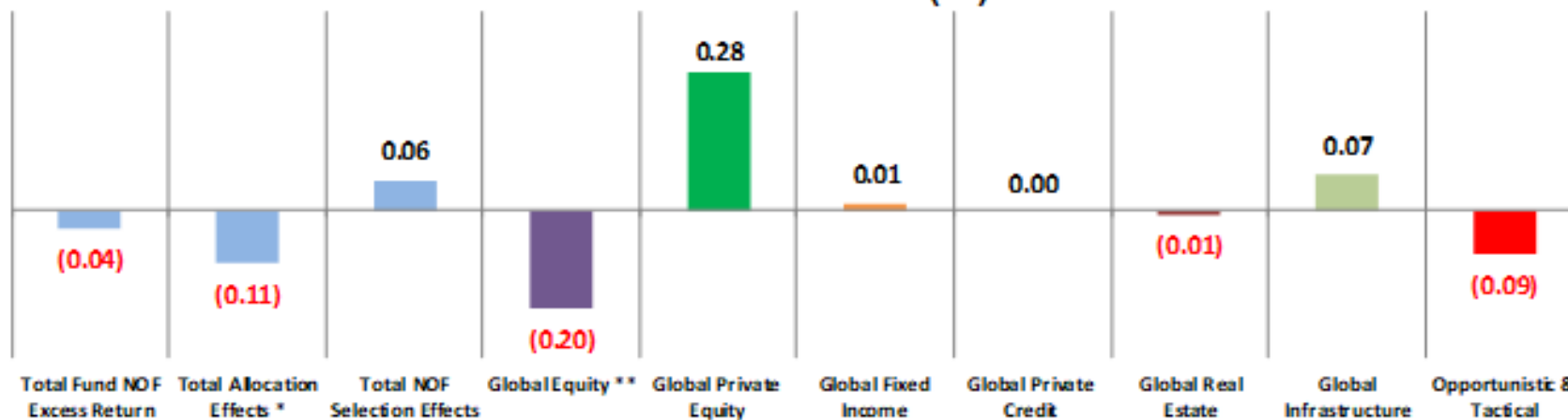


Total Fund Attribution

3 Month Attribution (%)



FYTD Attribution (%)

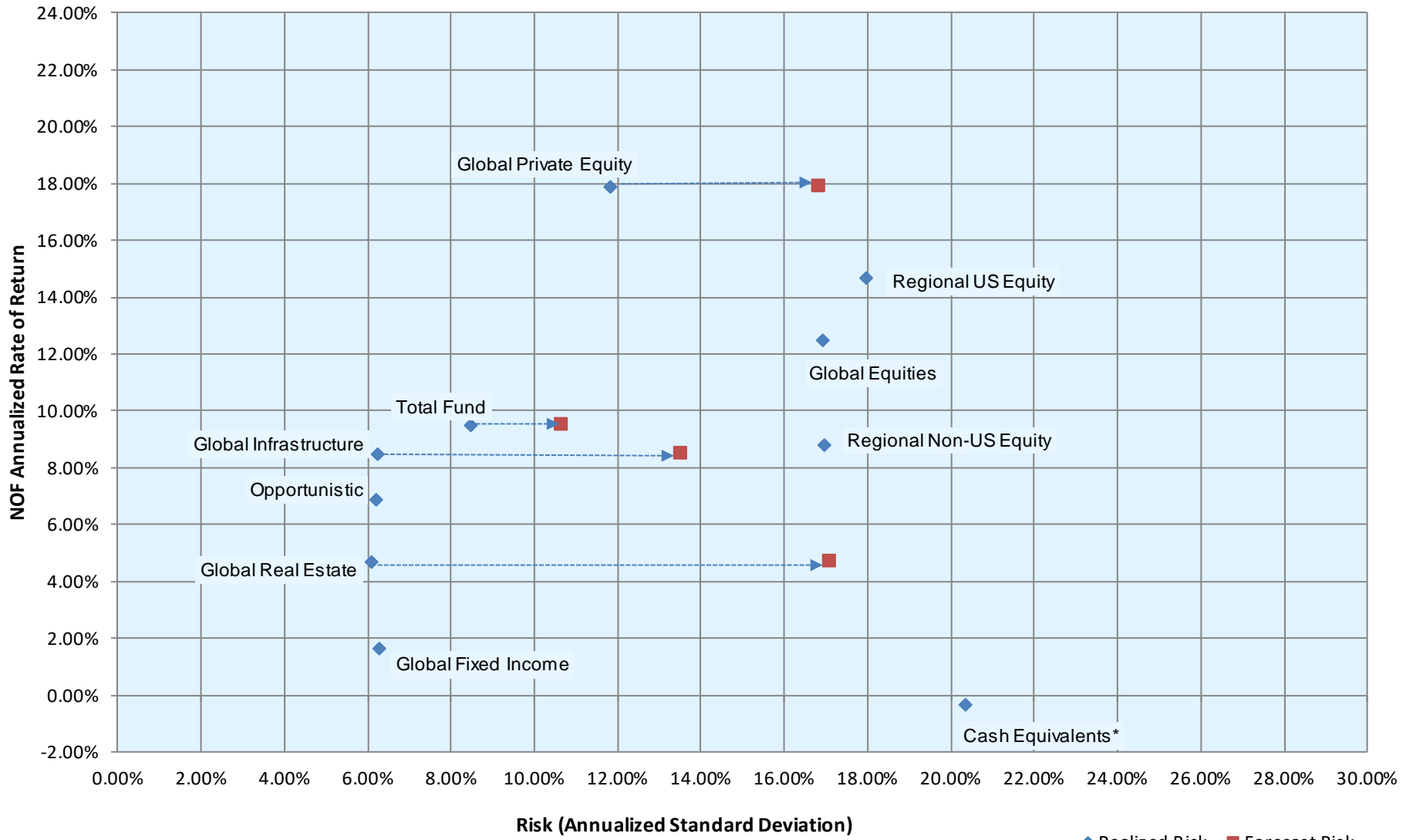


* Total Allocation Effects include net contributions from the Enhanced Asset Allocation, Direct Rebalance and Currency Overlay Programs

** Global Equity includes Global, US Equity, Non-US Equity Developed Market and Non-US Equity Emerging Market Portfolios



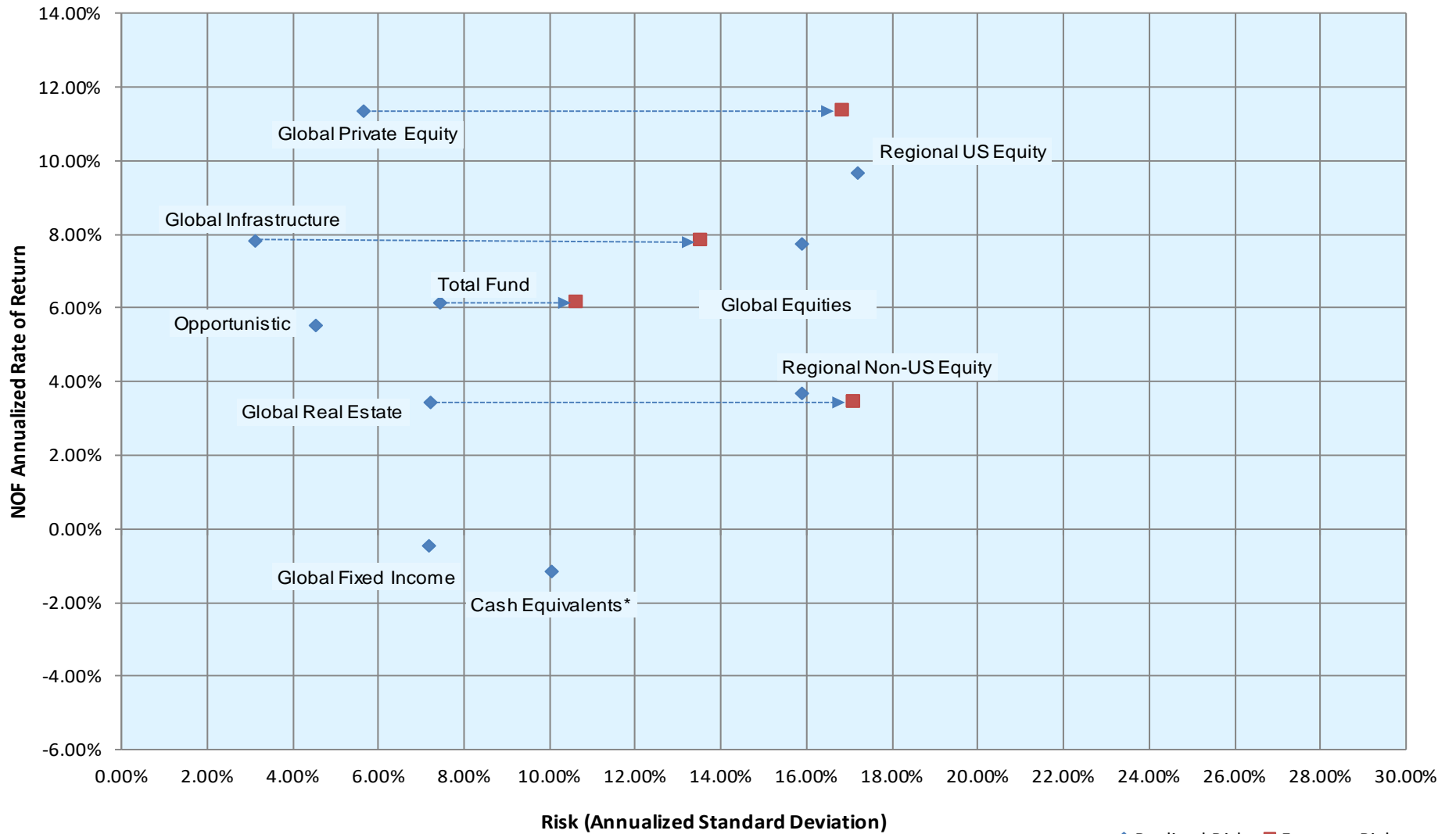
5 Year Risk and Return



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



3 Year Risk and Return



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

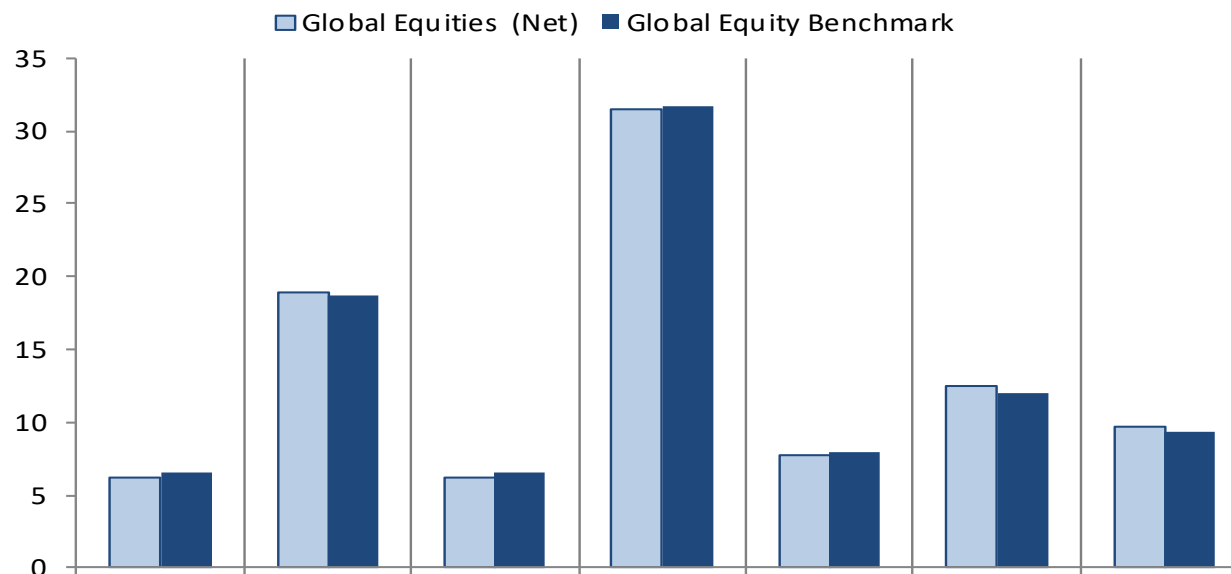
◆ Realized Risk ■ Forecast Risk



Global Equities Performance

Current Benchmark:

MSCI ACWI (Net Dividends)



| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|--------------------------|--------|--------|--------|--------|--------|--------|---------|
| Global Equities (Gross) | 6.21 | 19.26 | 6.21 | 31.93 | 8.07 | 12.80 | 10.05 |
| Global Equities (Net) | 6.15 | 18.97 | 6.15 | 31.51 | 7.74 | 12.46 | 9.71 |
| Global Equity Benchmark | 6.61 | 18.66 | 6.61 | 31.76 | 7.95 | 11.95 | 9.28 |
| Value Added (Net of Fee) | (0.46) | 0.31 | (0.46) | (0.24) | (0.21) | 0.51 | 0.42 |
| Regional US Equity | 6.12 | 20.37 | 6.12 | 34.46 | 9.66 | 14.69 | 12.28 |
| Russell 3000 Index | 6.23 | 20.63 | 6.23 | 35.19 | 10.29 | 15.26 | 12.83 |
| Value Added (Net of Fee) | (0.11) | (0.26) | (0.11) | (0.73) | (0.63) | (0.58) | (0.55) |
| Regional Non-US Equity | 7.20 | 13.99 | 7.20 | 25.10 | 3.69 | 8.81 | 6.43 |
| Custom Non-US Equity BM | 8.06 | 14.21 | 8.06 | 25.35 | 4.11 | 7.53 | 5.19 |
| Value Added (Net of Fee) | (0.87) | (0.22) | (0.87) | (0.25) | (0.42) | 1.28 | 1.24 |

Source: BNY Mellon GRS

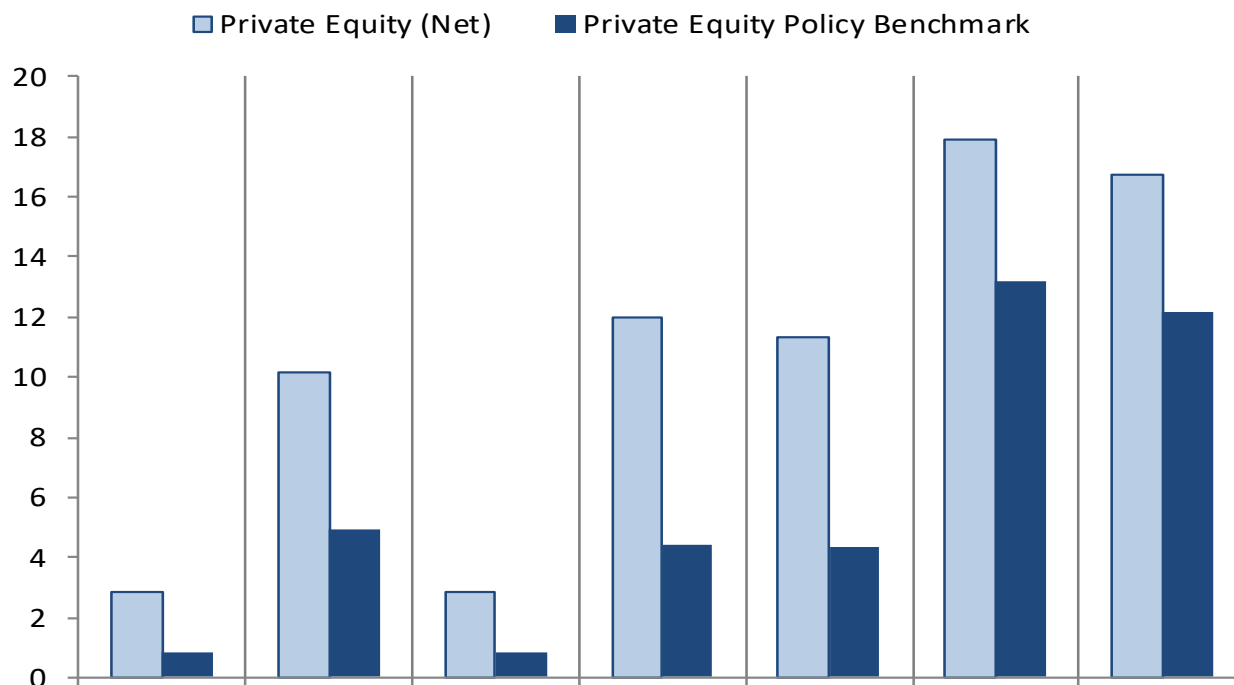


Global Private Equity Performance

Results as of: 09/30/2024

Current Benchmark:

Burgiss All Private Equity Index



| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---------------------------------|------|-------|------|--------|--------|--------|---------|
| Private Equity (Gross) | 3.36 | 11.32 | 3.36 | 14.03 | 13.24 | 19.79 | 18.47 |
| Private Equity (Net) | 2.88 | 10.16 | 2.88 | 11.98 | 11.35 | 17.89 | 16.77 |
| Private Equity Policy Benchmark | 0.82 | 4.95 | 0.82 | 4.41 | 4.33 | 13.17 | 12.17 |
| Value Added (Net of Fee) | 2.06 | 5.20 | 2.06 | 7.57 | 7.03 | 4.72 | 4.60 |

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)

| | 3 Year | 5 Year | 10 Year |
|--------------------|--------|--------|---------|
| Regional US Equity | 9.66 | 14.69 | 12.28 |
| Global Equity | 7.74 | 12.46 | 9.71 |
| Private Equity | 11.35 | 17.89 | 16.77 |

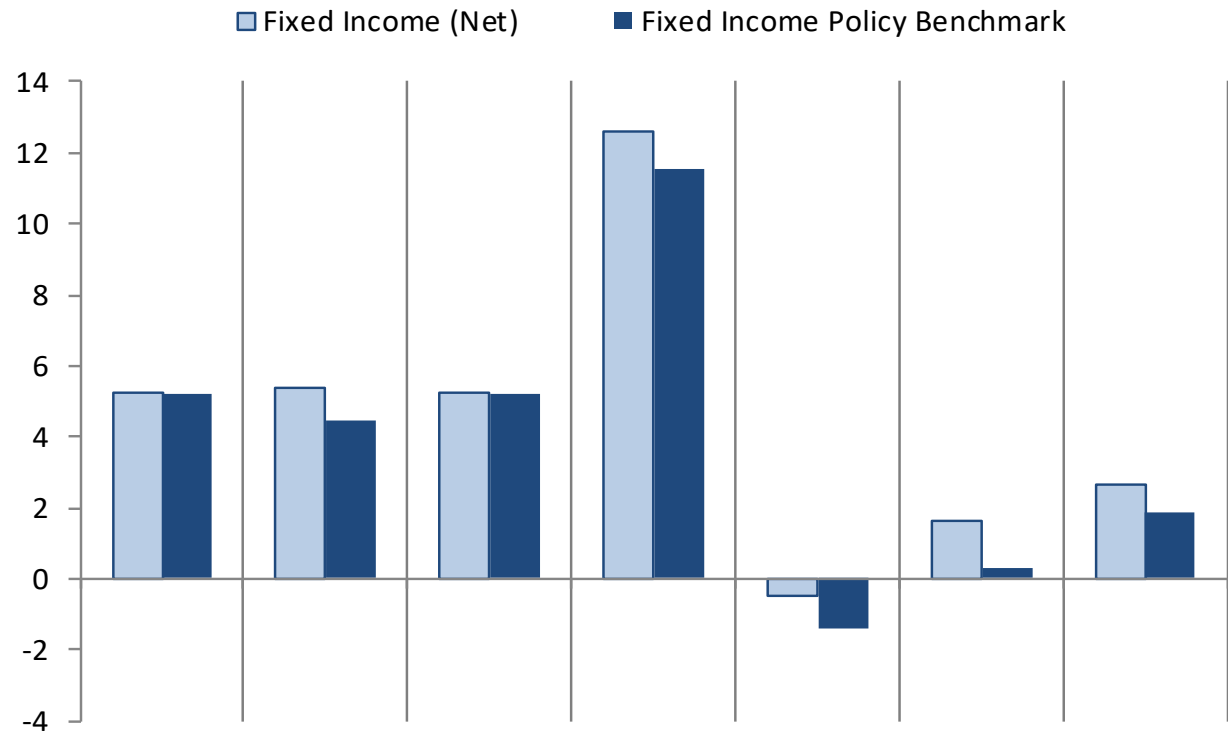
* Private Equity returns are lagged one quarter



Global Fixed Income Performance

Current Benchmark:

Bloomberg US Universal Bond Index



| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|-------------------------------|------|------|------|--------|--------|--------|---------|
| Fixed Income (Gross) | 5.31 | 5.55 | 5.31 | 12.85 | (0.21) | 1.93 | 2.88 |
| Fixed Income (Net) | 5.24 | 5.35 | 5.24 | 12.57 | (0.48) | 1.66 | 2.64 |
| Fixed Income Policy Benchmark | 5.20 | 4.45 | 5.20 | 11.57 | (1.39) | 0.33 | 1.84 |
| Value Added (Net of Fee) | 0.05 | 0.90 | 0.05 | 1.00 | 0.91 | 1.33 | 0.80 |

Source: BNY Mellon GRS

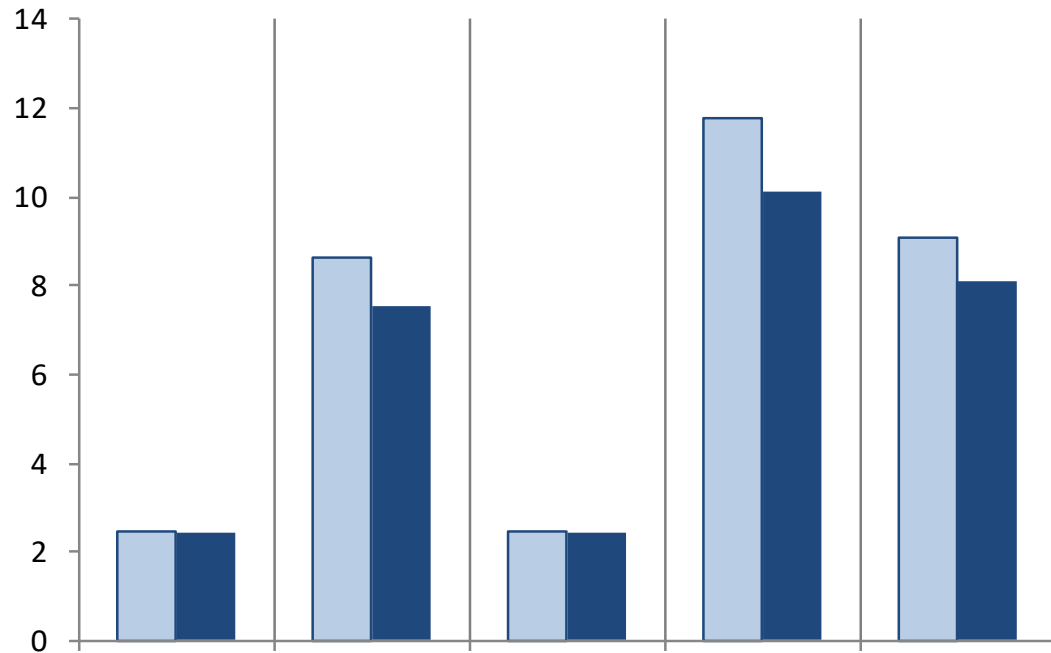


Global Private Credit Performance

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

Current Benchmark:

90 Day T-Bill (1q lag) + 4.5%



| | Qtr | CYTD | FYTD | 1 Year | 3 Year |
|--|------|------|------|--------|--------|
| Global Private Credit (Gross) | 2.85 | 9.82 | 2.85 | 13.39 | 10.61 |
| Global Private Credit (Net) | 2.49 | 8.64 | 2.49 | 11.78 | 9.10 |
| Global Private Credit Policy Benchmark | 2.44 | 7.52 | 2.44 | 10.14 | 8.10 |
| Value Added (Net of Fee) | 0.05 | 1.12 | 0.05 | 1.64 | 1.00 |

Source: BNY Mellon GRS



Global Real Estate Performance

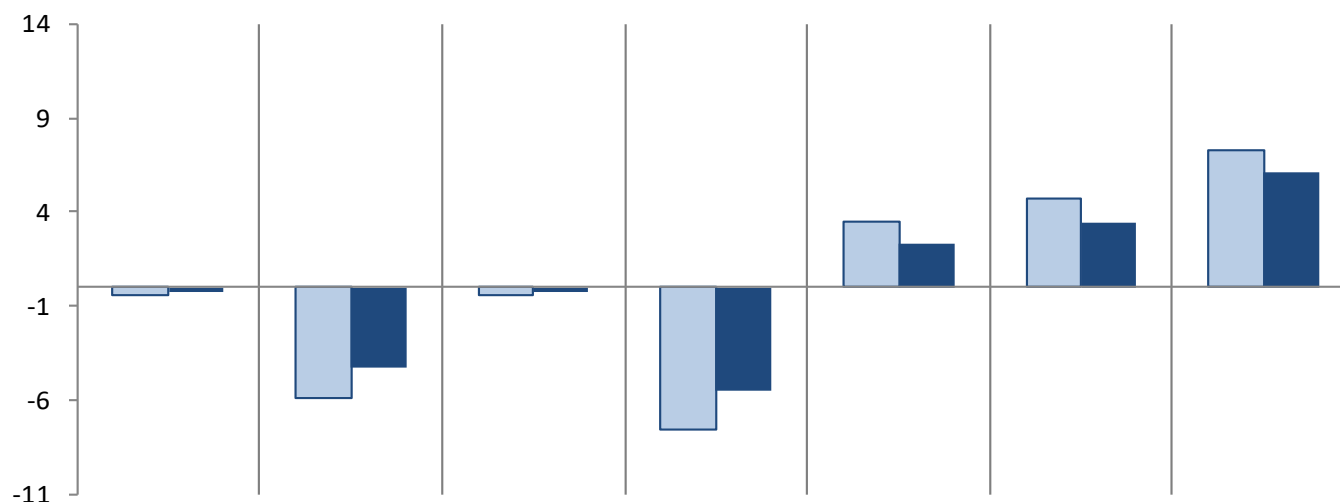
Results as of: 09/30/2024

Real Estate Portfolio (Net)

Real Estate Policy Benchmark

Current Benchmark:

NCREIF Property Index (1q lag)



| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|--|--------|--------|--------|--------|--------|--------|---------|
| Real Estate Portfolio (Gross) | (0.12) | (5.28) | (0.12) | (6.78) | 4.40 | 5.59 | 8.24 |
| Real Estate Portfolio (Net) | (0.35) | (5.89) | (0.35) | (7.56) | 3.45 | 4.69 | 7.23 |
| Real Estate Policy Benchmark | (0.26) | (4.22) | (0.26) | (5.53) | 2.33 | 3.39 | 6.07 |
| Real Estate Value Added (NOF) | (0.10) | (1.67) | (0.10) | (2.03) | 1.11 | 1.30 | 1.16 |
| Real Estate Core (Net) | (0.58) | (6.24) | (0.58) | (8.12) | 4.19 | 5.27 | 7.45 |
| Real Estate Policy Benchmark | (0.26) | (4.22) | (0.26) | (5.53) | 2.33 | 3.39 | 6.07 |
| Real Estate Core Value Added (NOF) | (0.33) | (2.02) | (0.33) | (2.59) | 1.85 | 1.88 | 1.37 |
| Real Estate Non-Core (Net) | (0.71) | (5.93) | (0.71) | (7.51) | 0.37 | 2.21 | 6.25 |
| Real Estate Policy Benchmark | (0.26) | (4.22) | (0.26) | (5.53) | 2.33 | 3.39 | 6.07 |
| Real Estate Non-Core Value Added (NOF) | (0.44) | (1.71) | (0.46) | (1.99) | (1.95) | (1.18) | 0.17 |

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 Estate performance is reported one quarter in arrears.



Global Infrastructure Performance

Results as of: 09/30/2024

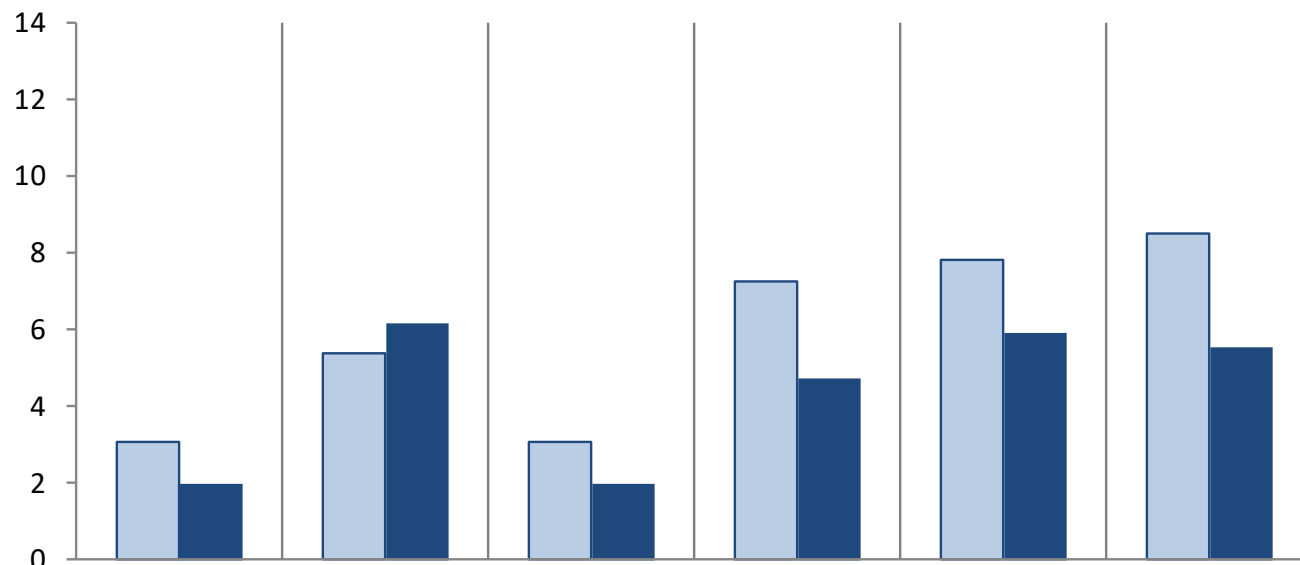
Global Infrastructure (Net)

Global Infrastructure Policy Benchmark

Current Benchmark:

Quarterly (4 qtrs.) smoothed CPI

+1.20% per quarter



| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year |
|---|------|--------|------|--------|--------|--------|
| Global Infrastructure (Gross) | 3.40 | 6.26 | 3.40 | 8.37 | 8.80 | 9.29 |
| Global Infrastructure (Net) | 3.04 | 5.38 | 3.04 | 7.22 | 7.81 | 8.47 |
| Global Infrastructure Policy Benchmark | 1.97 | 6.18 | 1.97 | 4.72 | 5.91 | 5.55 |
| Global Infrastructure Value Added (NOF) | 1.07 | (0.80) | 1.07 | 2.49 | 1.90 | 2.93 |

Source: BNY Mellon GRS

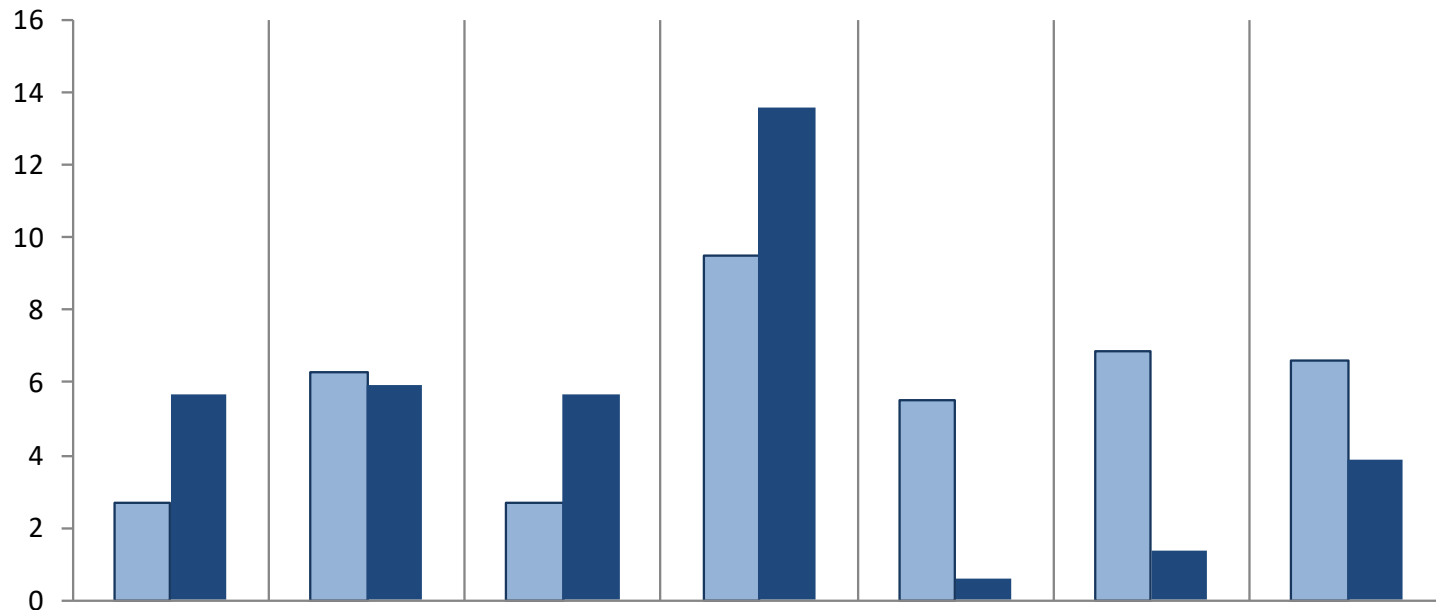
The difference between Gross and Net is management fee only. Performance based fees are captured in the Gross return.

Global Infrastructure performance is reported one quarter in arrears.



Opportunistic & Tactical Performance

Opportunistic & Tactical (Net) Opp. & Tactical Policy Benchmark



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

| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|----------------------------------|--------|------|--------|--------|--------|--------|---------|
| Opportunistic & Tactical (Gross) | 2.97 | 7.15 | 2.97 | 10.74 | 6.67 | 8.16 | 8.04 |
| Opportunistic & Tactical (Net) | 2.70 | 6.27 | 2.70 | 9.52 | 5.52 | 6.86 | 6.59 |
| Opp. & Tactical Policy Benchmark | 5.65 | 5.93 | 5.65 | 13.57 | 0.62 | 1.36 | 3.90 |
| | (2.95) | 0.34 | (2.95) | (4.05) | 4.89 | 5.50 | 2.70 |

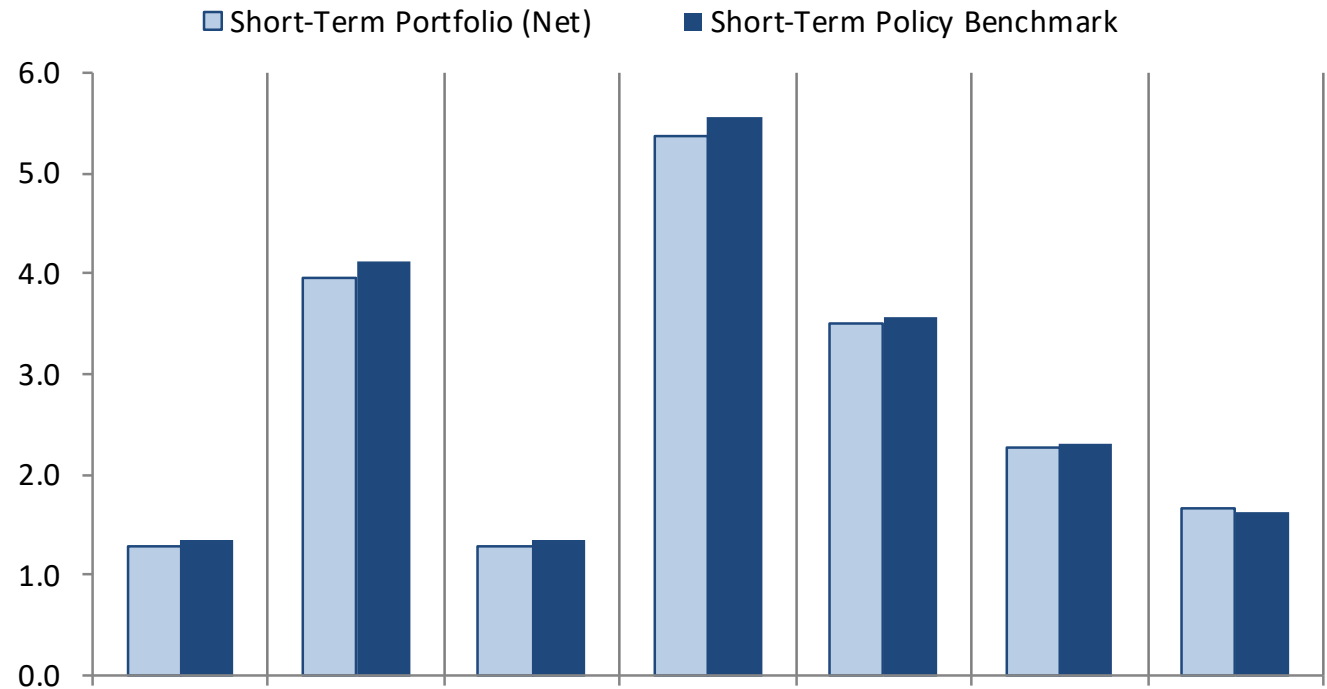
Source: BNY Mellon GRS



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) | 1.30 | 3.95 | 1.30 | 5.36 | 3.51 | 2.27 | 1.67 |
| Short-Term Portfolio (Net) | 1.30 | 3.95 | 1.30 | 5.36 | 3.51 | 2.27 | 1.67 |
| Short-Term Policy Benchmark | 1.36 | 4.13 | 1.36 | 5.56 | 3.57 | 2.31 | 1.62 |
| Value Added (Net of Fee) | (0.06) | (0.18) | (0.06) | (0.20) | (0.06) | (0.05) | 0.06 |

Source: BNY Mellon GRS



Overlay Performance

| | Qtr | CYTD | FYTD | 1 Year | 3 Year | 5 Year | 10 Year |
|--|-----------------|------------------|-----------------|------------------|-----------------|-----------------|-----------------|
| Cash Equivalents with Overlays (Net) | (4.94) | (14.06) | (4.94) | (18.46) | (1.14) | (0.35) | 0.88 |
| Short-Term Policy Benchmark | 1.36 | 4.13 | 1.36 | 5.56 | 3.57 | 2.31 | 1.62 |
| Value Added (Net of Fee) | (6.30) | (18.19) | (6.30) | (24.02) | (4.71) | (2.65) | (0.73) |
| Short-term Cash w/o Overlays (Net) | 1.30 | 3.95 | 1.30 | 5.36 | 3.51 | 2.27 | 1.67 |
| Short-Term Policy Benchmark | 1.36 | 4.13 | 1.36 | 5.56 | 3.57 | 2.31 | 1.62 |
| Value Added (Net of Fee) | (0.06) | (0.18) | (0.06) | (0.20) | (0.06) | (0.05) | 0.06 |
| Overlay Cumulative Net Value Added (\$MM) | (\$35.4) | (\$102.6) | (\$35.4) | (\$117.0) | (\$60.1) | (\$55.8) | (\$18.5) |



Proposed Investment Agenda – Next Meeting

- Annual Portfolio Review – Opportunistic & Tactical
- Quarterly Investment Report (October 31, 2024)

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Board convene in Executive Session pursuant to R.C. 121.22 (G)(3) to discuss imminent litigation.

Upon roll call, the vote was as follows:

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

CONVENED IN EXECUTIVE SESSION AT _____ A.M./P.M.

RETURNED TO OPEN SESSION AT _____ A.M. / P.M.

EXECUTIVE SESSION

_____ moved and _____ seconded the motion that the Retirement Board convene in Executive Session pursuant to R.C. 121.22 (G)(1) to discuss the appointment of a public official.

Upon roll call, the vote was as follows:

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

CONVENED IN EXECUTIVE SESSION AT _____ A.M./P.M.

RETURNED TO OPEN SESSION AT _____ A.M. / P.M.

DECLARATION OF ELECTION OF EMPLOYEE MEMBER

I, Matthew King, Chairman of the Board, declare _____ elected to fill the employee member seat for the term ending June 30, 2025.

CERTIFICATION OF ELECTION RESULTS BY THE ATTORNEY GENERAL'S OFFICE

I, _____, as election judge, monitored the election by the School Employees Retirement System Board held on November 21, 2024, to fill the vacancy in the employee member seat on the Board. I hereby certify that _____ was duly elected by the Board to fill the vacancy.

Name
Attorney General's Office

Date

FINAL FILING OF PROPOSED RESCINDED, NEW, AND AMENDED ADMINISTRATIVE RULES

Legal Counsel discussed with the Retirement Board the following proposed rules: rescinded rule 3309-1-02 Definition of compensation; new rule 3309-1-02 Definition of compensation; amended rule 3309-1-35 Health care; amended rule 3309-1-41 Appeals for denial and termination of disability benefits; and new rule 3309-1-51 Recovery of overpayments that have been reviewed by JCARR and are ready for adoption by the Board. Included in the discussion was the delayed effective date of July 1, 2025, for rescinded rule 3309-1-02 and new rule 3309-1-02.

_____ moved and _____ seconded that rescinded rule 3309-1-02 Definition of compensation, new rule 3309-1-02 Definition of compensation, amended rule 3309-1-35 Health care, amended rule 3309-1-41 Appeals for denial and termination of disability benefits, and new rule 3309-1-51 Recovery of overpayments, be adopted and filed in final form.

3309-1-02 ~~Definition of compensation.~~

~~A. This rule amplifies and is in addition to the provisions of division (V) of section 3309.01 of the Revised Code.~~

~~B. Except as otherwise provided by division (V) of section 3309.01 of the Revised Code, the following payments made by an employer are not "compensation."~~

~~1. Payments made by the employer for accrued but unused compensatory time for overtime worked;~~

~~2. One-time and/or lump-sum payments made by the employer to an employee where such payments are not based upon the employee's standard rate of pay or identified in paragraph (C) of this rule;~~

~~3. Retroactive payments or pay increases made or granted by the employer in whole or in part in consideration of retirement or an agreement to retire; and~~

~~4. Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.~~

~~C. The following payments made by an employer shall be "compensation":~~

~~1. Payments on behalf of the contributor to an eligible retirement plan as defined in section 402(c)(8) of the Internal Revenue Code of 1986, 26 U.S.C. 402(c)(8).~~

~~2. Back wages awarded pursuant to a final order or final settlement award that reinstates the contributor to the contributor's former position, or comparable position, without interruption or loss of time.~~

~~3. Effective January 1, 2009, differential wage payments as defined in section 3401(h)(2) of the Internal Revenue Code, 26 U.S.C. 3401(h)(2).~~

~~4. Payments based on an employee's length of service.~~

~~5.— A one-time or lump-sum payment by the employer that is paid in lieu of a salary or wage increase, to all persons in a class of employees, in the same dollar amount or same percentage of salary or wages, and in accordance with a written contractual agreement.~~

~~6.— A one-time or lump-sum payment made by the employer for additional services rendered.~~

~~D.—~~

~~1.— Prior to remitting contributions on salary, wages or other earnings where there is a question on whether such payments or earnings are "compensation," the employer shall request in writing a determination by the retirement board.~~

~~2.— The retirement board shall give the employer written notice of its determination.~~

~~3.— If the employer fails to request a prior determination and the retirement board determines that the salary, wages or other earnings are not "compensation," then any contributions received on such salary, wages and other earnings shall be deemed unauthorized and shall be refunded.~~

~~4.— If the employer fails to request a prior determination and the retirement board determines that the salary, wages, or other earnings are "compensation," then the retirement board may certify for collection pursuant to sections 3309.47 and 3309.51 of the Revised Code the amount of contributions not remitted.~~

3309-1-02 Definition of compensation.

(A) This rule amplifies and is in addition to the provisions of division (V) of section 3309.01 of the Revised Code.

(B) Definitions

(1) "Salary" means base salary paid to an employee as set forth in the employee's contract, a collective bargaining agreement, or employer's salary schedule.

(2) "Wages" means compensation paid to an employee for services based on time worked, but excluding overtime.

(3) "Earnings" means payments paid by reason of employment other than salary and wages.

(C) The following earnings paid by an employer are not "compensation."

(1) Payments made by the employer for accrued but unused compensatory time for overtime worked;

- (2) Attendance incentives;
- (3) Wellness incentives;
- (4) Employee recruitment incentives;
- (5) Severance payments;
- (6) Payments not paid pursuant to an employment agreement, collective bargaining agreement, or salary schedule;
- (7) Payments to settle a grievance that are not backpay;
- (8) Retroactive payments or pay increases made or granted by the employer in whole or in part in consideration of retirement or an agreement to retire; and
- (9) Any terminal payments or other additional remuneration paid by the employer in consideration of retirement or an agreement to retire.

(D) The following earnings are "compensation"

- (1) Overtime payments;
- (2) Except as set forth in division (V) of section 3309.01 of the revised code or paragraph (C) of this rule, payments to an employee in accordance with an employment agreement, collective bargaining agreement, or salary schedule.

(E) When an employee as defined under Division (B)(2) of section 3309.01 of the revised code is a self-employed individual who provides services common to the normal daily operation of an employer pursuant to a service agreement between the employee, or the employee's business, and the employer, the employee's compensation shall be an amount equal to the employee's gross income from the service agreement less necessary expenses to perform the services.

(F) Contributions on backpay awarded to an employee pursuant to a final order or final settlement award that reinstates the employee to the employee's former position or comparable position without interruption or loss of time, or awards an employee additional compensation for a period of contributing service, shall be reported and paid as follows:

- (1) For purposes of calculating contributions due under Ch. 3309, of the Revised Code, the full amount of backpay that would have been earned over the period of the reinstatement, or over the period of contributing service, shall be used.
- (2) The contributions shall be reported over the period of the reinstatement or the period of contributing service.
- (3) Contribution payments on backpay reported for prior years shall include interest on the contributions in accordance with section 3309.47 of the revised code.

(G)

- (1) Prior to remitting contributions on salary, wages or other earnings where there is a question on whether such payments or earnings are "compensation," the employer shall request in writing a determination by the retirement board.
- (2) The retirement board shall give the employer written notice of its determination.
- (3) If the employer fails to request a prior determination and the retirement board determines that the salary, wages or other earnings are not "compensation," then any contributions received on such salary, wages or other earnings shall be deemed unauthorized and shall be refunded.
- (4) If the employer fails to request a prior determination and the retirement board determines that the salary, wages, or other earnings are "compensation," then the retirement board may certify for collection pursuant to sections 3309.47 and 3309.51 of the Revised Code the amount of contributions not remitted.

HISTORY: 7/27/15, 4/17/15 (Emer), 3/30/15, 4/1/13, 4/2/10, 5/14/05, 2/6/98, 9/18/89, 6/25/86 (Emer), 12/24/76

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.01, 3309.47, 3309.49
Review Date: 2/1/29

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 qualified service credit.
- (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 recipients, 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.

(11) "Qualified service credit means a member's total service credit excluding credit obtained after January 29, 1981 pursuant to sections [3309.021](#), [3309.301](#), [3309.31](#), and [3309.33](#) of the Revised Code. Credit obtained pursuant to section 145.201 of the Revised Code is excluded for those members who establish eligibility for SERS health care coverage on and after July 1, 2025.

(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 thirty-first 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 thirty-first 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 (I) of this rule.

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

(f) Counseling required under this paragraph must be completed before the benefit recipient can enroll in health care coverage.

(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 cancellation 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 cancellation 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 retiree or dependent of an age and service retiree, 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 retiree, 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 retiree'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 retiree'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) If the retirement system determines that any premium has been calculated incorrectly, the system will recalculate the premium to the correct amount. The recalculated premium will begin on the next payment date.

(a) If the recalculation results in a decreased premium, the retirement system shall pay the recipient the cumulative difference between the original calculation and the recalculation in a one-time lump-sum.

(b) If the recalculation results in an increased premium, the recipient shall pay to the retirement system the cumulative difference between the original calculation and the recalculation.

(c) The following standards shall apply if the recipient was not the source of the information or records that caused the incorrect calculation and did not commit fraud, misrepresentation, or other misconduct resulting in the incorrect calculation.

(i) For any amounts owed to the system under paragraph (F)(2)(b) of this rule, the retirement system will waive collection of:

(a) The first two hundred dollars, and

(b) Any portion of the amount due that accrued more than two years before the date of the determination made in paragraph (F)(2) of this rule.

(ii) In seeking payment under paragraph (F)(2)(b) of this rule, the system shall not deduct more than ten percent from the gross amount of any periodic benefit due the person.

(3)

(a) Premium payments billed under paragraph (F)(1) of this rule 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.

(b) Premium payments billed under paragraph (F)(2)(b) shall be deemed in default if the benefit recipient does not agree to a payment plan or if the benefit recipient misses scheduled payments under a payment plan in a total cumulative amount of at least three months of billed premiums.

(c) 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.

(4) After payment for the total amount in default is received, health care coverage cancelled for default 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 cancellation for default shall be effective on the first of the month following the date that the application for reinstatement is approved.

(5) 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 retirant who:

(i) Has an effective retirement date before August 1, 1989; or

(ii) 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) Has an effective retirement date on or after August 1, 2008 who had earned twenty years of qualified service credit 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)(5)(d) of this rule who:

(i) Has an effective benefit date before August 1, 2008; or

(ii) 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 qualified service credit 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 qualified service credit ;

(ii) A spouse or surviving spouse of an age and service retirant 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 qualified service credit, 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 qualified service credit, 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 qualified service credit, 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.

(f) For purposes of determining eligibility for a subsidy under paragraph (F)(5) 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.

(g) Any other individual covered under a SERS health care plan shall be eligible for a premium subsidy under the standard set forth for spouses.

(h) 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 cancellation of coverage under medicaid. Health care coverage shall be effective the later of the first day of the month after cancellation of coverage or receipt of proof of cancellation and the enrollment application by the system; or

(c) The application is received no later than thirty-one days after involuntary cancellation of coverage under another plan, medicare advantage plan, or medicare part D plan with proof of such cancellation. Health care coverage shall be effective the later of the first day of the month after cancellation of the other plan or receipt of proof of cancellation 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 the required documents have been received and benefit payments are unsuspended.

(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.

(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: 1/1/24, 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: 2/1/29

3309-1-41 Appeals for denial and termination of disability benefits.

(A) The following procedures will govern in cases of a member's appeal of a denial of disability benefits including an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code or a disability benefit recipient's appeal of a termination of disability benefits, excluding when the recommendation to terminate was certified pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code.

(1) After formal board action is taken or an automatic denial under paragraph (H) of rule 3309-1-40 of the Administrative Code, a notice of denial or termination of disability benefits shall be issued to the applicant or former disability benefit recipient by regular or certified U.S. mail. This notice shall inform the member of:

- (a) The medical evidence reviewed;
- (b) The board's denial or termination of disability benefits; and
- (c) The procedures for appeal of a denial or termination of disability benefits as set forth in this paragraph.

(2)

- (a) The member may appeal a decision to deny or terminate disability benefits, excluding a termination pursuant to paragraph (M)(2)(b) of rule 3309-1-40 of the Administrative Code, within thirty days of the date on the notice of denial or termination by filing a notice of intent to appeal such decision and by providing additional evidence. Such additional evidence must be received by the board within ninety days from the date on the notice of denial or termination and must be submitted in writing by the member or by counsel and/or personal physician on behalf of the member.
- (b) If a member does not submit a notice of intent to appeal or additional evidence as required by this rule, all appeal rights shall cease and the prior decision of the board shall become final. The member shall be notified of all future rights and/or limitations to apply for disability benefits.
- (c) The member may request, as part of the appeal, a personal appearance before the board with counsel and/or a personal physician. The request for a personal appearance must be in writing and submitted to the board within fifteen days of the date on the notice of denial or termination. A personal appearance will not be granted unless additional evidence as required by this paragraph is received by the board within ninety days from the date on the notice of denial or termination. If a personal appearance is granted, the member will be notified in writing of the date and time.
- (d)
 - (i) For appeals whose standard is whether the member is physically and mentally capable of performing the member's last assigned primary duty as an employee, "additional evidence" means evidence that is current and pertinent to the illness or injury for which the disability was claimed and that has not been submitted before.
 - (ii) For appeals whose standard is whether the member is physically and mentally capable of performing the duties of a position that meets the criteria of division (C)(1) to (C)(3) of section 3309.41 of the Revised Code, "additional evidence" means evidence that is current and pertinent to the illness or injury that the member claims supports the member's inability to perform the duties of a position that meets the criteria of divisions (C)(1) to (C)(3) of section 3309.41 of the Revised Code.

- (e) Upon a finding that a member was hospitalized or in a nursing home or other care facility at the time notice of denial or termination was sent, the board may allow a late appeal, but in no event more than thirty days after the member's discharge from the hospital or care facility.
- (3) All costs incidental to the appeal and/or personal appearance shall be at the expense of the member.
 - (4) If a personal appearance is granted, the member shall appear before the board on the date and at the time specified by the board, or as otherwise requested by the member and agreed to by the board. If the member fails to appear on the specified date and time, all rights to a personal appearance shall terminate and the appeal shall be decided on the basis of the written evidence previously submitted.
 - (5) A personal appearance, if granted, shall be conducted as follows:
 - (a) The member shall appear, in person or virtually, and may be represented by counsel, the member's agent, and/or a personal physician, if desired. The member shall provide the name, title, and position of each person appearing on the member's behalf at least seven days prior to the hearing.
 - (b) The board shall be responsible for conducting the hearing.
 - (c) A recording of the hearing will be made to provide the board and the medical advisory committee with a record for further review.
 - (d) Only one such appearance per application or termination will be allowed.
 - (6) During the appeal process, the board's physician or the medical advisory committee may request that the member undergo an additional medical examination by an examining physician.
 - (7) Following receipt of additional evidence and a personal appearance, if applicable, all evidence and information submitted shall be reviewed by the board's medical advisory committee and/or the board's physician who shall make a recommendation to the board.
 - (a) If the board concurs with a recommendation to grant the appeal, the applicant or benefit recipient will be notified of the board's decision. When an application for disability benefits is granted on appeal, disability benefits will be paid from the benefit effective date. When a termination of disability benefits is reversed on appeal, disability benefits will resume from the date of termination or, if the member was employed by an employer covered by this chapter pending the appeal, the first day of the month next following the last day for which compensation was paid.
 - (b) If the board concurs with a recommendation for denial of the appeal, the applicant or benefit recipient will be notified by letter of the board's decision,

such decision shall be final and all appeal rights shall cease.

- (B) The school employees retirement system administrative staff shall have the authority to act for the board in matters related to the appeal proceedings, but shall not have authority to decide appeals.
- (C) Any future applications for disability benefits filed after a denial of appeal must be submitted with medical evidence supporting progression of the former illness or injury or evidence of a new illness or injury. If such evidence is evaluated by the medical advisory committee and found to be inadequate to establish the progression of the former illness or injury or the existence of a new illness or injury, the application shall be voided.

Promulgated Under: 111.15
Statutory Authority: 3309.04
Rule Amplifies: 3309.39, 3309.41
Review Date: 2/1/27

3309-1-51 Recovery of overpayments.

- (A) For purposes of this rule “payment” means an annuity, allowance, or benefit paid by the retirement system. “Payment” includes a “final retirement allowance,” but not an “estimated retirement allowance,” as defined in rule 3309-1-21 of the Administrative Code.
- (B) If the retirement system determines that any payment has been calculated incorrectly, the system will recalculate the payment to the correct amount. The recalculated payment will begin on the next payment date.
 - (1) If the recalculation results in an increased payment to a recipient, the retirement system shall pay the recipient the cumulative difference between the original calculation and the recalculation in a one-time lump-sum.
 - (2) If the recalculation results in a decreased payment to a recipient, the recipient shall pay to the retirement system the cumulative difference between the original calculation and the recalculation. If the recipient fails to pay the system, the system may deduct this amount from any benefit due the person or collect the amount in any other manner provided by law.
 - (3) The following standards shall apply if the recipient was not the source of the information or records that caused the incorrect calculation and did not commit fraud, misrepresentation, or other misconduct resulting in the incorrect calculation.
 - (a) For any amounts owed to the system under paragraph (B)(2) of this rule, the retirement system will waive collection of:
 - (i) The first two hundred dollars, and

- (ii) Any portion of the amount due that accrued more than two years before the date of the determination made in paragraph (B) of this rule.
- (b) In seeking payment under paragraph (B)(2) of this rule, the system shall not deduct more than ten percent from the gross amount of any periodic benefit due the person.
- (4) If the incorrect calculation is the result of employer errors in reporting or certifying information to the retirement system, the employer shall repay the system in accordance with paragraph (K) of rule 3309-1-18 of the Administrative Code.

Promulgated Under: 111.15
 Statutory Authority: 3309.04
 Rule Amplifies: 3309.55, 3309.70
 Review Date:

Upon roll call, the vote was as follows:

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



Finance Headline News – Nov 2024

- Budget Administration
 - FY25 SERS administrative expenses are tracking under budget for the first quarter
 - FY26 budget cycle planning has begun
- The following detailed reports are attached for further analysis:
 - FY25 Budget Administrative expense reports
 - Budget to Actual through 1st Qtr FY25
 - SERS & OSERS Broad St.
 - Administrative expense summary for October 2024
 - Administrative expense detail for October 2024
 - Parameters report for October 2024
 - Financial highlights
 - As of September 2024
 - June 30, 2024 audited financial statement will be presented in December 2024

School Employees Retirement System of Ohio
SERS Summary Admin Expenses
October 2024

| Financial Row | Amount |
|---|----------------|
| Summary Admin Expenses | |
| Expense | |
| 53100.0 - Staff Salaries Expense | |
| 53100 - Salaries & Wages | \$1,231,757.82 |
| 53104 - Salaries & Wages - Cash in Vacation | (\$10,629.57) |
| 53110 - Salaries & Wages - Overtime | \$5,447.34 |
| 53111 - Vacation Leave Expense | \$129,120.77 |
| 53112 - Sick Leave Expense | (\$124,569.31) |
| 53113 - Voluntary Life Insurance Reimbursement | \$241.36 |
| 53120 - Incentive Pay | \$993,016.35 |
| Total - 53100.0 - Staff Salaries Expense | \$2,224,384.76 |
| 53200.0 - Staff Retirement Contribution Expense | |
| 53200 - Employer Contributions - PERS | \$292,052.41 |
| Total - 53200.0 - Staff Retirement Contribution Expense | \$292,052.41 |
| 53300.0 - Staff Benefit Expenses | |
| 53300 - Staff Group Life | \$10,109.03 |
| 53310 - Staff Long Term Disability | \$3,596.16 |
| 53315 - Staff Short Term Disability | \$3,184.49 |
| 53320 - Staff Group Health Claims | \$263,804.13 |
| 53321 - Staff Group Health - Admin Fees | \$7,604.96 |
| 53322 - Staff Prescription Claims | \$119,546.91 |
| 53323 - Staff Prescription Admin fees | \$1,036.00 |
| 53324 - Staff Group Health - Stop Loss Admin | \$20,375.52 |
| 53325 - Staff Group Health - Stop Loss Claims | (\$43,378.72) |
| 53326 - Staff Vision Claims | \$3,329.80 |
| 53327 - Staff Vision Admin Fees | \$125.28 |
| 53330 - Staff Group Health - Employee Cost | (\$35,491.25) |
| 53331 - Staff Group Health - Wellness Incentive | \$3,895.00 |
| 53332 - Staff Group Health - Tobacco Premiums | (\$680.00) |
| 53340 - Staff Medicare Premium - Employer | \$33,517.49 |
| 53380 - Staff Deferred Compensation Match | \$4,980.00 |
| Total - 53300.0 - Staff Benefit Expenses | \$395,554.80 |
| 54100 - Actuarial Services | \$23,835.00 |
| 54200 - Audit Services | \$25,000.00 |
| 54300.0 - Banking Fee Expenses | |
| 54310 - Custodial Fees | \$90,000.00 |
| 54320 - Custodial Banking | \$20,249.65 |
| Total - 54300.0 - Banking Fee Expenses | \$110,249.65 |
| 54400.0 - Investment Related Expenses | |
| 54410 - Master Recordkeeper Fees | \$79,551.23 |
| 54430 - Performance/Analytics Fee | \$34,401.66 |
| 54460 - Bloomberg Terminal Rentals | \$6,645.00 |
| Total - 54400.0 - Investment Related Expenses | \$120,597.89 |
| 54520 - Medical Consultant | \$3,750.00 |
| 54600.0 - Technical Expenses | |
| 54610 - Special Counsel | \$72,010.91 |
| 54620 - Technical | \$93,448.02 |
| 54630 - Other Professional Services | \$106,672.91 |
| Total - 54600.0 - Technical Expenses | \$272,131.84 |
| 55100 - Postage | \$4,025.48 |
| 55200 - Telecommunications Services | \$6,021.57 |
| 55300 - Member/Employer Education | \$131.22 |
| 55400.0 - Printing & Publication Expenses | |

| Financial Row | Amount |
|--|----------------|
| 55400 - Printing Paper | \$3,140.00 |
| Total - 55400.0 - Printing & Publication Expenses | \$3,140.00 |
| 56000.0 - Computer Support Service Expenses | |
| 56030 - Software Maintenance | \$372,737.08 |
| 56035 - Software Subscriptions | (\$8,888.05) |
| 56040 - Hardware < \$5,000 | \$125.26 |
| 56050 - Software < \$25,000 | (\$5,096.00) |
| Total - 56000.0 - Computer Support Service Expenses | \$358,878.29 |
| 56100.0 - Office Equipment & Supply Expenses | |
| 56110 - Equipment Repairs & Maintenance | \$9,033.56 |
| 56130 - Office Supplies & Expenses | \$880.91 |
| 56160 - Records Storage | \$250.00 |
| Total - 56100.0 - Office Equipment & Supply Expenses | \$10,164.47 |
| 56200.0 - Staff Training Expenses | |
| 56210 - Seminars & Conferences | \$28,259.88 |
| 56220 - In House Training | \$658.80 |
| Total - 56200.0 - Staff Training Expenses | \$28,918.68 |
| 56300.0 - Transportation & Travel Expenses | |
| 56310 - Travel & Transportation | \$20,861.16 |
| 56311 - Mileage | \$1,298.80 |
| Total - 56300.0 - Transportation & Travel Expenses | \$22,159.96 |
| 56400.0 - Membership & Subscription Expenses | |
| 56410 - Subscriptions | (\$4,619.03) |
| 56420 - Memberships | \$14,521.00 |
| Total - 56400.0 - Membership & Subscription Expenses | \$9,901.97 |
| 56600.0 - Maintenance Expenses | |
| 56630 - Interior Landscaping | \$1,386.37 |
| 56640 - Vehicle Expense | \$118.21 |
| Total - 56600.0 - Maintenance Expenses | \$1,504.58 |
| 56650.0 - Staff Support Expenses | |
| 56620 - Staff Support | \$5,849.73 |
| 56621 - Recruiting Expenses | \$557.99 |
| Total - 56650.0 - Staff Support Expenses | \$6,407.72 |
| 56700.0 - School District Board Member Reimbursement Expense | |
| 56710 - Board Member - School Reimb. | \$639.00 |
| Total - 56700.0 - School District Board Member Reimbursement Expense | \$639.00 |
| 56800.0 - Mandatory Costs | |
| 56820 - Ohio Retirement Study Council | \$15,278.08 |
| Total - 56800.0 - Mandatory Costs | \$15,278.08 |
| 56900 - Reimbursement of Leased Svcs from OSERS Broad St | (\$25,416.67) |
| Total - Expense | \$3,909,310.70 |
| Total Admin Expenses | \$3,909,310.70 |

**School Employees Retirement System of Ohio
SERS Detail Admin Expenses
Oct 2024**

| Financial Row | Vendor Name | Amount |
|---|--|---|
| Summary Admin Expenses | | |
| Expense | | |
| 53100.0 - Staff Salaries Expense | | |
| 53100 - Salaries & Wages | | |
| | 0133 ADP, LLC | (\$19,195.07) |
| | 0133 ADP, LLC | (\$30,514.54) |
| | 0133 ADP, LLC | \$667,860.77 |
| | 0133 ADP, LLC | \$6,428.06 |
| | 0133 ADP, LLC | (\$41,413.63) |
| | 0133 ADP, LLC | \$671,887.35 |
| | 0133 ADP, LLC | (\$23,295.12) |
| | Total | \$1,231,757.82 |
| 53104 - Salaries & Wages - Cash in Vacation | | |
| | 0133 ADP, LLC | \$3,712.73 |
| | 0133 ADP, LLC | (\$14,342.30) |
| | 0133 ADP, LLC | \$16,080.33 |
| | 0133 ADP, LLC | (\$16,080.33) |
| | Total | (\$10,629.57) |
| 53105 - Salaries & Wages - Cash in Vacation at Term/Retire | | |
| | 0133 ADP, LLC | \$1,100.00 |
| | 0133 ADP, LLC | (\$1,100.00) |
| | Total | \$0.00 |
| 53110 - Salaries & Wages - Overtime | | |
| | 0133 ADP, LLC | \$2,188.96 |
| | 0133 ADP, LLC | \$3,258.38 |
| | Total | \$5,447.34 |
| 53111 - Vacation Leave Expense | | |
| | 0133 ADP, LLC | \$129,120.77 |
| | Total | \$129,120.77 |
| 53112 - Sick Leave Expense | | |
| | 0133 ADP, LLC | \$19,195.07 |
| | 0133 ADP, LLC | \$23,295.12 |
| | 0133 ADP, LLC | \$36,585.96 |
| | 0133 ADP, LLC | (\$203,645.46) |
| | Total | (\$124,569.31) |
| 53113 - Voluntary Life Insurance Reimbursement | | |
| | 0133 ADP, LLC | \$241.36 |
| | Total | \$241.36 |
| 53120 - Incentive Pay | | |
| | 0133 ADP, LLC | \$993,016.35 |
| | Total - 53120 - Incentive Pay | \$993,016.35 |
| Total - 53100.0 - Staff Salaries Expense | | Total Staff Salaries Expense |
| | | \$2,224,384.76 |
| 53200.0 - Staff Retirement Contribution Expense | | |
| 53200 - Employer Contributions - PERS | | |
| | 0133 ADP, LLC | \$95,351.22 |
| | 0133 ADP, LLC | (\$1.41) |
| | 0133 ADP, LLC | \$196,702.60 |
| | 0133 ADP, LLC | (\$336,812.97) |
| | 0133 ADP, LLC | \$336,812.97 |
| | 0133 ADP, LLC | (\$162,695.08) |
| | 0133 ADP, LLC | \$162,695.08 |
| | Total - 53200 - Employer Contributions - PERS | \$292,052.41 |
| Total - 53200.0 - Staff Retirement Contribution Expense | | Total Staff Retirement Contributions |
| | | \$292,052.41 |
| 53300.0 - Staff Benefit Expenses | | |
| 53300 - Staff Group Life | | |
| | 0267 American United Life Insurance Company | \$10,109.03 |
| | Total - 53300 - Staff Group Life | \$10,109.03 |
| 53310 - Staff Long Term Disability | | |
| | 0267 American United Life Insurance Company | \$3,596.16 |
| | Total - 53310 - Staff Long Term Disability | \$3,596.16 |
| 53315 - Staff Short Term Disability | | |
| | 0267 American United Life Insurance Company | \$3,184.49 |
| | Total - 53315 - Staff Short Term Disability | \$3,184.49 |
| 53320 - Staff Group Health Claims | | |
| | 3555 Aetna Daily Wires - ESERS | \$43,378.72 |
| | 3555 Aetna Daily Wires - ESERS | \$220,425.41 |
| | Total | \$263,804.13 |
| 53321 - Staff Group Health - Admin Fees | | |
| | 3552 Aetna Admin - ESERS | \$7,604.96 |
| | Total | \$7,604.96 |

| Financial Row | Vendor Name | Amount |
|--|---|----------------------|
| 53322 - Staff Prescription Claims | | |
| | 2811 Express Scripts - ESERS | \$51,982.78 |
| | 2811 Express Scripts - ESERS | \$16,078.99 |
| | 5271 SaveonSP, LLC | \$2,952.46 |
| | 2811 Express Scripts - ESERS | \$22,621.46 |
| | 2811 Express Scripts - ESERS | \$20,213.01 |
| | 2811 Express Scripts - ESERS | \$5,698.21 |
| | Total | \$119,546.91 |
| 53323 - Staff Prescription Admin fees | | |
| | 5448 Beyond Blue Corporation | \$1,036.00 |
| | Total | \$1,036.00 |
| 53324 - Staff Group Health - Stop Loss Admin | | |
| | 3552 Aetna Admin - ESERS | \$20,375.52 |
| | Total | \$20,375.52 |
| 53325 - Staff Group Health - Stop Loss Claims | | |
| | 3555 Aetna Daily Wires - ESERS | (\$43,378.72) |
| | Total | (\$43,378.72) |
| 53326 - Staff Vision Claims | | |
| | 0266 VSP - (OH) | \$3,329.80 |
| | Total | \$3,329.80 |
| 53327 - Staff Vision Admin Fees | | |
| | 0266 VSP - (OH) | \$0.72 |
| | 0266 VSP - (OH) | \$124.56 |
| | Total | \$125.28 |
| 53330 - Staff Group Health - Employee Cost | | |
| | Employee Premiums | (\$16,741.37) |
| | Employee Premiums | (\$16,809.13) |
| | Employee Premiums | (\$1,940.75) |
| | Total | (\$35,491.25) |
| 53331 - Staff Group Health - Wellness Incentive | | |
| | 0133 ADP, LLC | \$3,895.00 |
| | Total | \$3,895.00 |
| 53332 - Staff Group Health - Tobacco Premiums | | |
| | 0133 ADP, LLC | (\$340.00) |
| | 0133 ADP, LLC | (\$340.00) |
| | Total | (\$680.00) |
| 53340 - Staff Medicare Premium - Employer | | |
| | 0133 ADP, LLC | \$9,442.33 |
| | 0133 ADP, LLC | \$24,075.15 |
| | 0133 ADP, LLC | \$0.01 |
| | Total | \$33,517.49 |
| 53380 - Staff Deferred Compensation Match | | |
| | 0133 ADP, LLC | \$2,490.00 |
| | 0133 ADP, LLC | \$2,490.00 |
| | Total | \$4,980.00 |
| | Total Staff Benefits | \$395,554.80 |
| 54100 - Actuarial Services | | |
| | 3241 CavMac | \$11,835.00 |
| | 3241 CavMac | \$12,000.00 |
| | Total | \$23,835.00 |
| 54200 - Audit Services | | |
| | 5222 Plante & Moran, PLLC | \$25,000.00 |
| | Total | \$25,000.00 |
| 54300.0 - Banking Fee Expenses | | |
| 54310 - Custodial Fees | | |
| | 0273 BNY Mellon Asset Servicing/ 5482 Fifth Third - Investments | \$90,000.00 |
| | Total | \$90,000.00 |
| 54320 - Custodial Banking | | |
| | 0386 Huntington National Bank | \$20,202.77 |
| | 0386 Huntington National Bank | \$4.74 |
| | 0125 Treasurer of State - Warrants | \$42.14 |
| | Total | \$20,249.65 |
| | Total Banking Fees | \$110,249.65 |
| 54400.0 - Investment Related Expenses | | |
| 54410 - Master Recordkeeper Fees | | |
| | 0273 BNY Mellon Asset Servicing/ 5482 Fifth Third - Investments | \$79,551.23 |
| | Total | \$79,551.23 |
| 54430 - Performance/Analytics Fee | | |
| | 0273 BNY Mellon Asset Servicing/ 5482 Fifth Third - Investments | \$34,401.66 |
| | Total | \$34,401.66 |
| 54460 - Bloomberg Terminal Rentals | | |
| | 2700 Bloomberg Finance LP | \$6,645.00 |
| | Total | \$6,645.00 |
| | Total Investment Related | \$120,597.89 |

| Financial Row | Vendor Name | Amount |
|--|---|---------------------|
| 54520 - Medical Consultant | | |
| | 1021 Glen G Borchers, M.D. | \$3,750.00 |
| Total - 54520 - Medical Consultant | Total | \$3,750.00 |
| 54600.0 - Technical Expenses | | |
| 54610 - Special Counsel | | |
| | 3361 Seyfarth Shaw LLP | \$3,325.00 |
| | 3361 Seyfarth Shaw LLP | \$47.50 |
| | 3361 Seyfarth Shaw LLP | \$4,892.50 |
| | 3361 Seyfarth Shaw LLP | \$8,170.00 |
| | 3361 Seyfarth Shaw LLP | \$2,755.00 |
| | 4550 Calfee Halter & Griswold LLP | \$2,925.00 |
| | 1921 Porter, Wright, Morris, | \$4,306.35 |
| | 0276 Ice Miller LLP | \$735.00 |
| | 0276 Ice Miller LLP | \$30,704.56 |
| | 3361 Seyfarth Shaw LLP | \$2,945.00 |
| | 3361 Seyfarth Shaw LLP | \$6,602.50 |
| | 0276 Ice Miller LLP | \$1,500.00 |
| | 3361 Seyfarth Shaw LLP | \$2,565.00 |
| | 3361 Seyfarth Shaw LLP | \$237.50 |
| | 5836 Luper Neidenthal & Logan | \$300.00 |
| | Total | \$72,010.91 |
| 54620 - Technical | | |
| | 5215 ComResource | \$1,868.75 |
| | 3296 LexisNexis Risk Data Management, Inc | \$1,896.27 |
| | 5345 Sigital, LLC | \$1,110.00 |
| | 5345 Sigital, LLC | \$462.50 |
| | 4518 Sagitec Solutions, LLC | \$41,205.00 |
| | 5587 Improving Ohio, Inc. | \$6,650.00 |
| | 4983 Hyland Software, Inc. | \$875.00 |
| | 5827 Launch Consulting | \$8,960.00 |
| | 4518 Sagitec Solutions, LLC | \$44,320.50 |
| | Reclass 5306 Financial Services Information Sharing and Analysis Center | (\$13,900.00) |
| | Total | \$93,448.02 |
| 54630 - Other Professional Services | | |
| | 5060 Kimberly Wickert | \$459.00 |
| | 5627 Longenbaker Custom Framing | \$222.56 |
| | 4055 Sedgwick | \$1,360.00 |
| | 3296 LexisNexis Risk Data Management, Inc | \$20.00 |
| | 5031 Vorys Advisors LLC | \$3,666.66 |
| | 0476 Attorney General | \$17,424.00 |
| | 5661 Linea Solutions, Inc. | \$709.50 |
| | Reclass 0413 CDW - Government, Inc. | \$82,811.19 |
| | Total | \$106,672.91 |
| | Total Technical | \$272,131.84 |
| 55100 - Postage | | |
| | 0254 Unishippers Association | \$91.75 |
| | 0060 Pitney Bowes Inc. | \$85.51 |
| | 0060 Pitney Bowes Inc. | \$392.12 |
| | 2489 FedEx | \$14.83 |
| | 0060 Pitney Bowes Inc. | \$49.59 |
| | 0254 Unishippers Association | \$16.90 |
| | 0060 Pitney Bowes Inc. | \$577.65 |
| | 0060 Pitney Bowes Inc. | \$148.39 |
| | 0060 Pitney Bowes Inc. | \$137.14 |
| | 0254 Unishippers Association | \$16.90 |
| | 0060 Pitney Bowes Inc. | \$56.43 |
| | 0254 Unishippers Association | \$16.90 |
| | 0060 Pitney Bowes Inc. | \$475.60 |
| | 0060 Pitney Bowes Inc. | \$174.80 |
| | 0060 Pitney Bowes Inc. | \$50.97 |
| | 0031 Postmaster | \$350.00 |
| | 0065 Postmaster | \$1,020.00 |
| | 0065 Postmaster | \$350.00 |
| | Total | \$4,025.48 |
| 55200 - Telecommunications Services | | |
| | 5555 Everstream Solutions LLC | \$1,376.00 |
| | 0277 XO Verizon | \$1,826.65 |
| | 3236 Provantage Corporation | \$143.95 |
| | 4732 Verizon Wireless | \$32.41 |
| | 5543 Spectrum AWS | \$1,230.00 |
| | 5665 Total Communication Solutions | \$914.03 |
| | 1605 AT&T - 7258 | \$40.10 |
| | 0087 Spectrum | \$237.34 |
| | 0253 T-Mobile | \$59.39 |
| | 4732 Verizon Wireless | \$161.70 |
| | Total | \$6,021.57 |

| Financial Row | Vendor Name | Amount |
|---|--|---------------------|
| 55300 - Member/Employer Education | | |
| | 4116 Cameron Vaughan | \$46.57 |
| | 4116 Cameron Vaughan | \$54.87 |
| | 0564 Kroger | \$29.78 |
| | Total | \$131.22 |
| 55400.0 - Printing & Publication Expenses | | |
| 55400 - Printing Paper | | |
| | 0112 Millcraft Paper Co. | \$3,140.00 |
| | Total | \$3,140.00 |
| | Total Printing & Publication | \$3,140.00 |
| 56000.0 - Computer Support Service Expenses | | |
| 56030 - Software Maintenance | | |
| | 2263 Dell Marketing LP | \$248,729.08 |
| | 4518 Sagitec Solutions, LLC | \$35,000.00 |
| | 4906 Quadient | \$1,188.00 |
| | 5446 OARnet | \$52,820.00 |
| | 4518 Sagitec Solutions, LLC | \$35,000.00 |
| | Total | \$372,737.08 |
| 56035 - Software Subscriptions | | |
| | 5501 Expedient | \$13,794.92 |
| | 5473 Wellable LLC | \$473.20 |
| | 5403 Zoho Corporation | \$13,070.00 |
| | 5403 Zoho Corporation | \$5,388.00 |
| | 3827 Melissa Data Corporation | \$5,450.00 |
| | 1751 SurveyMonkey.com | \$503.10 |
| | 5591 Presidio | \$12,331.83 |
| | 0133 ADP, LLC | \$2,971.08 |
| | 4139 Shi International Corp. | \$14,781.69 |
| | Reclass 0413 CDW - Government, Inc | (\$82,811.19) |
| | 5409 Amazon Web Services | \$63.32 |
| | Reclass 5214 Canto, Inc. | \$5,096.00 |
| | Total | (\$8,888.05) |
| 56040 - Hardware < \$5,000 | | |
| | 0411 Amazon.com | \$125.26 |
| | Total | \$125.26 |
| 56050 - Software < \$25,000 | | |
| | Reclass 5214 Canto, Inc. | (\$5,096.00) |
| | Total | (\$5,096.00) |
| | Total Computer Support Services | \$358,878.29 |
| 56100.0 - Office Equipment & Supply Expenses | | |
| 56110 - Equipment Repairs & Maintenance | | |
| | 5332 Canon Financial Services, Inc | \$544.00 |
| | 5340 Digital Print Solutions | \$712.23 |
| | 5340 Digital Print Solutions | \$809.27 |
| | 5340 Digital Print Solutions | \$1,115.79 |
| | 5340 Digital Print Solutions | \$689.41 |
| | 4620 Ricoh USA, Inc | \$1,381.26 |
| | 5340 Digital Print Solutions | \$555.49 |
| | 4849 US Bank Equipment Finance | \$3,226.11 |
| | Total | \$9,033.56 |
| 56130 - Office Supplies & Expenses | | |
| | 5862 Business Telecom Products, Inc. | \$52.92 |
| | 4620 Ricoh USA, Inc | \$295.75 |
| | 0172 Staples Business Advantage | \$75.02 |
| | 0172 Staples Business Advantage | \$133.45 |
| | 0172 Staples Business Advantage | \$14.99 |
| | 0172 Staples Business Advantage | \$46.01 |
| | 0172 Staples Business Advantage | \$115.80 |
| | 0172 Staples Business Advantage | \$123.08 |
| | 0172 Staples Business Advantage | \$23.89 |
| | Total | \$880.91 |
| 56160 - Records Storage | | |
| | 0007 Vital Records Holdings, LLC | \$125.00 |
| | 0007 Vital Records Holdings, LLC | \$125.00 |
| | Total | \$250.00 |
| | Total Office Equipment & Supplies | \$10,164.47 |

| Financial Row | Vendor Name | Amount |
|---|--|--------------------|
| 56200.0 - Staff Training Expenses | | |
| 56210 - Seminars & Conferences | | |
| | 5439 Mike Steiner | \$333.95 |
| | 5654 TPC Training | \$1,495.00 |
| | 5872 Coursera Inc. | \$41.93 |
| | 0473 Public Pension Financial Forum | \$925.00 |
| | 5869 Thomas Sarfo | \$1,699.00 |
| | 0473 Public Pension Financial Forum | \$800.00 |
| | 0315 Gartner, Inc. | \$11,300.00 |
| | 5405 Global Arc | \$300.00 |
| | 0473 Public Pension Financial Forum | \$800.00 |
| | 0473 Public Pension Financial Forum | \$2,775.00 |
| | Reclass 4847 Pluralsight | \$7,790.00 |
| | Total | \$28,259.88 |
| 56220 - In House Training | | |
| | 0133 ADP, LLC | \$658.80 |
| | Total | \$658.80 |
| | Total Staff Training | \$28,918.68 |
| 56300.0 - Transportation & Travel Expenses | | |
| 56310 - Travel & Transportation | | |
| | 5439 Mike Steiner | \$1,085.35 |
| | 5100 James Haller | \$248.00 |
| | 4597 Todd Nist | \$104.16 |
| | 5639 Aimee Russell | \$55.44 |
| | 0411 Amazon.com | \$72.01 |
| | 4588 Farouki Majeed | \$35.00 |
| | 5100 James Haller | \$63.62 |
| | 4588 Farouki Majeed | \$461.76 |
| | 4588 Farouki Majeed | \$442.96 |
| | 5869 Thomas Sarfo | \$311.97 |
| | 5418 Matt King | \$25.50 |
| | 5870 Adrienne Leake | \$179.14 |
| | 4597 Todd Nist | \$1,260.21 |
| | 0506 Barbra Phillips | \$10.75 |
| | 0564 Kroger | \$100.75 |
| | 0009 Catherine Moss | \$72.97 |
| | 0564 Kroger | \$56.87 |
| | 5235 Jimmy Johns | \$101.07 |
| | 3675 City Barbeque, Inc. | \$636.64 |
| | 0146 Judi Masri | \$1,186.75 |
| | 5380 Chris Collins | \$398.95 |
| | 0240 Suresh Kamat | \$1,574.09 |
| | 5653 Cigna Health and Life Insurance Company | \$107.00 |
| | 0146 Judi Masri | \$388.74 |
| | 4790 Jay Patel | \$752.26 |
| | 3015 David Greer | \$1,225.15 |
| | 5380 Chris Collins | \$79.36 |
| | 5437 Adam Messerschmitt | \$1,774.22 |
| | 5418 Matt King | \$262.00 |
| | 5869 Thomas Sarfo | \$1,537.09 |
| | 0024 James Rossler | \$131.00 |
| | 5572 Mike Berger | \$1,076.84 |
| | 5100 James Haller | \$266.00 |
| | 4588 Farouki Majeed | \$219.55 |
| | 5639 Aimee Russell | \$267.76 |
| | 4824 Frank Weglarz | \$167.09 |
| | 5868 Nancy Silvers | \$849.98 |
| | 5652 Tim O'Brien | \$888.73 |
| | 4416 Chris Castle | \$1,547.51 |
| | 5869 Thomas Sarfo | \$384.96 |
| | 4790 Jay Patel | \$451.96 |
| | Total | \$20,861.16 |

| Financial Row | Vendor Name | Amount |
|---|---|-----------------------|
| 56311 - Mileage | | |
| | 5100 James Haller | \$129.72 |
| | 4476 Rebecca Shera | \$219.36 |
| | 0240 Suresh Kamat | \$26.80 |
| | 0146 Judi Masri | \$7.78 |
| | 4790 Jay Patel | \$23.72 |
| | 3015 David Greer | \$10.58 |
| | 5437 Adam Messerschmitt | \$8.30 |
| | 0024 James Rossler | \$190.28 |
| | 5418 Matt King | \$160.80 |
| | 5869 Thomas Sarfo | \$16.68 |
| | 4824 Frank Weglarz | \$218.42 |
| | 5639 Aimee Russell | \$110.02 |
| | 4588 Farouki Majeed | \$30.68 |
| | 5100 James Haller | \$129.72 |
| | 5868 Nancy Silvers | \$15.94 |
| | Total | \$1,298.80 |
| | Total Transportation & Travel | \$22,159.96 |
| 56400.0 - Membership & Subscription Expenses | | |
| 56410 - Subscriptions | | |
| | 0304 Wall Street Journal | \$83.82 |
| | 4547 Constant Contact | \$282.00 |
| | 4810 Shutterstock, Inc. | \$29.00 |
| | 0305 Columbus Dispatch | \$35.00 |
| | 5865 Cleveland.Com | \$10.00 |
| | 0304 Wall Street Journal | \$41.91 |
| | 5873 Ned Davis Research | \$3,125.00 |
| | 5511 Toledo Blade | \$12.99 |
| | 2012 Dow Jones & Company, Inc. - tax refund | (\$448.75) |
| | Reclass 4847 Pluralsight | (\$7,790.00) |
| | Total | (\$4,619.03) |
| 56420 - Memberships | | |
| | 3499 George Beamer | \$60.00 |
| | 0397 Project Management Institute | \$30.00 |
| | 0381 Public Relations Society of America | \$267.00 |
| | 0841 Society for Human Resource Management | \$264.00 |
| | Reclass 5306 Financial Services Information Sharing and Analysis Center | \$13,900.00 |
| | Total | \$14,521.00 |
| | Total Membership & Subscriptions | \$9,901.97 |
| 56600.0 - Maintenance Expenses | | |
| 56630 - Interior Landscaping | | |
| | 3039 Ambius Inc. (05) | \$1,386.37 |
| | Total | \$1,386.37 |
| 56640 - Vehicle Expense | | |
| | 0070 BP Oil Company | \$94.21 |
| | 5069 Moo Moo Car Wash | \$24.00 |
| | Total | \$118.21 |
| | Total Maintenance | \$1,504.58 |
| 56650.0 - Staff Support Expenses | | |
| 56620 - Staff Support | | |
| | 5574 Aetna Behavioral Health, LLC | \$282.60 |
| | 0133 ADP, LLC | \$1,125.00 |
| | 1683 Premier ProduceOne | \$137.10 |
| | 0411 Amazon.com | \$75.00 |
| | 0411 Amazon.com | \$150.00 |
| | 0411 Amazon.com | \$20.00 |
| | 5303 Culligan Bottled Water of Columbus | \$2.00 |
| | 5303 Culligan Bottled Water of Columbus | \$57.94 |
| | 1683 Premier ProduceOne | \$113.45 |
| | 3990 Acorn Distributors Inc. | \$174.64 |
| | 4750 Inspira Financial | \$343.00 |
| | 0133 ADP, LLC | \$1,149.99 |
| | 1683 Premier ProduceOne | \$100.60 |
| | 5303 Culligan Bottled Water of Columbus | \$60.93 |
| | 0259 Cuyahoga Franklin Group | \$1,157.48 |
| | 4413 Life Insurance Company of North America | \$900.00 |
| | Total | \$5,849.73 |
| 56621 - Recruiting Expenses | | |
| | 5460 Indeed | \$500.96 |
| | 5430 ADP Screening & Selection Services | \$57.03 |
| | Total | \$557.99 |
| | Total Staff Support | \$6,407.72 |
| 56700.0 - School District Board Member Reimbursement Expense | | |
| 56710 - Board Member - School Reimb. | | |
| | 1049 Ashland City School District | \$639.00 |
| | Total | \$639.00 |
| | Total School District Board Member Reimbursement Expense | \$639.00 |
| 56800.0 - Mandatory Costs | | |
| 56820 - Ohio Retirement Study Council | | |
| | 0040 Ohio Retirement Study Council | \$15,278.08 |
| | Total | \$15,278.08 |
| | Total Mandatory Costs | \$15,278.08 |
| 56900 - Reimbursement of Leased Svcs from OSERS Broad St | | |
| | Reimbursement of Leased Services | (\$25,416.67) |
| | Total | (\$25,416.67) |
| | Total | \$3,909,310.70 |
| | Total Administrative Expenses | \$3,909,310.70 |

FY2025 Administrative Budget
Board Expense to Budget Reporting
Year-to-Date Through October 31, 2024

| Major Category/Sub-Major Category | Line Item | Vendor | FY2025 Budget Approved | Year to Date Expense | Additional Information |
|---|---|-------------------------------|------------------------|------------------------|---|
| PROFESSIONAL SERVICES | | | \$ 6,493,858.00 | \$ 2,168,116.68 | |
| ACTUARIAL ADVISORS | | | \$ 425,500.00 | \$ 79,831.00 | |
| | Actuarial | Cavanaugh Macdonald | \$ 325,500.00 | \$ 79,831.00 | Actuarial Consultant |
| | Actuarial | Audit PTA/KMS/Bolton | 100,000.00 | - | Actuarial Audit |
| AUDITING | | | \$ 220,000.00 | \$ 85,000.00 | |
| | Auditing | Plante Moran | 180,000.00 | 85,000.00 | External Auditor |
| BANKING FEES | | | \$ 1,213,380.00 | \$ 414,711.99 | |
| | Custodial Banking | | 1,020,000.00 | 371,266.64 | |
| | | Fifth Third | 360,000.00 | 128,173.64 | Domestic Custodian |
| | | BNYM | 660,000.00 | 243,093.00 | International Custodian |
| | Administrative Banking | Huntington National Bank/ TOS | 193,380.00 | 43,445.35 | Banking Services |
| INVESTMENT RELATED | | | \$ 2,530,364.00 | \$ 713,444.51 | |
| | Master Recordkeeper | BNYM | 1,056,000.00 | 347,067.52 | |
| | Investment Consulting & Advisory Services | | 525,000.00 | 112,500.05 | |
| | | Wilshire | 450,000.00 | 112,500.05 | Investment Consulting |
| | Performance Analytics Services | | 704,765.00 | 222,781.89 | |
| | | Barra-One Risk Mgmt Sys | 238,445.00 | 59,611.25 | Investment Risk Analytics |
| | | BNY Mellon GRS | 412,820.00 | 138,404.64 | Investment Performance Analytics |
| TECHNICAL | | | \$ 2,059,614.00 | \$ 860,129.18 | |
| | Special Counsel | | 301,000.00 | 142,509.29 | |
| | Technical | | 1,285,720.00 | 440,943.23 | |
| | | Merative | 124,000.00 | 31,000.00 | Data Warehouse |
| | | Sagitec | 573,440.00 | 198,805.50 | SMART Development Resources |
| | | Board Initiative | 100,000.00 | - | Board Initiatives |
| | Other Professional Services | | 472,894.00 | 276,676.66 | |
| | | Gartner | 109,230.00 | 101,359.00 | Management Consulting |
| OTHER OPERATING EXPENSE | | | \$ 4,350,782.00 | \$ 1,895,641.59 | |
| COMPUTER SUPPORT SERVICES | | | \$ 3,003,345.00 | \$ 1,155,478.57 | |
| | Software Maintenance | | 1,013,621.00 | 564,438.94 | |
| | | Dell | 300,000.00 | 248,976.58 | Microsoft Enterprise Agreement/ True Up |
| | | Sagitec | 420,000.00 | 140,000.00 | SMART Silver Support |
| | | Hyland | 119,061.00 | 121,454.36 | ImageNow |
| | Software Subscriptions | | 1,732,520.00 | 565,027.50 | |
| | | DRaaS | 163,332.00 | 55,099.68 | Expedient |
| | | Dynamo | 207,686.00 | 224,477.76 | Dynamo Software, INC |
| | | Carahsoft | 163,830.00 | 130,389.24 | ServiceNow System |
| | | Zoom | 100,000.00 | - | Telecommunication Services |
| PROPERTY MANAGEMENT LIABILITY INSURANCE | | | \$ 566,375.00 | \$ 512,467.00 | |
| | Management Liability Insurance | | 566,375.00 | 512,467.00 | |
| | | Cyber Liability Insurance | 166,805.00 | 152,374.75 | ARC Excess & Surplus, LLC |
| | | Crime Fiduciary D&O Insurance | 372,182.00 | 360,092.25 | ARC Excess & Surplus, LLC |

PROJECT ITEMS

| Major Category/Sub-Major Category | Line Item | Project | FY2025 Budget | YTD Expense | Additional Information |
|-----------------------------------|-----------|---------|---------------|-------------|------------------------|
| PROFESSIONAL SERVICES | TECHNICAL | | | | |

SERS

UNBUDGETED PROJECT ITEMS

| Major Category/Sub-Major Category | Line Item | Project | FY2025 Budget | YTD Expense | Additional Information |
|-----------------------------------|-----------------------------|-------------------------------|---------------|--------------|----------------------------|
| Professional Services | Other Professional Services | Chief Risk Officer recruiting | \$ - | \$ 35,450.00 | Hudepohl & Associates Inc. |

OSERS BROAD STREET, LLC

UNBUDGETED PROJECT ITEMS

| Major Category | Line Item | Project | FY2025 Budget | YTD Expense |
|----------------|-----------|---------|---------------|-------------|
|----------------|-----------|---------|---------------|-------------|

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

FINANCIAL HIGHLIGHTS

As of September 30, 2024 and 2023

(unaudited)

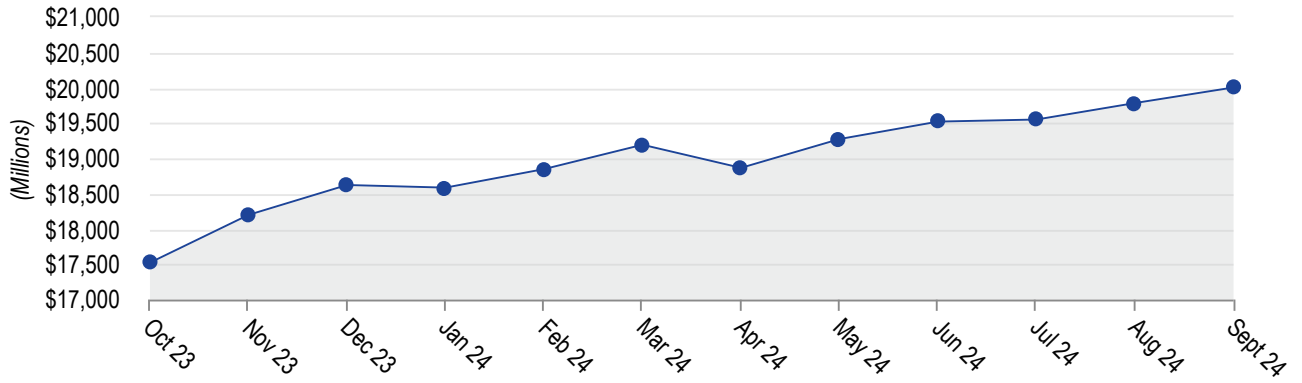
| SERS (All Funds) | 9/30/24 YTD | 9/30/23 YTD | Comparative Difference | % Difference |
|---|-------------------------|-------------------------|-----------------------------------|-------------------------|
| <u>ADDITIONS</u> | | | | |
| Employer Contributions | \$153,045,618 | \$144,032,432 | \$9,013,186 | 6% |
| Member Contributions | 98,882,261 | 93,072,859 | 5,809,402 | 6 |
| Other Income | 40,330,921 | 32,414,393 | 7,916,528 | 24 |
| Total Investment Income (Loss), Net | 632,625,893 | (287,770,400) | 920,396,293 | 320 |
| TOTAL ADDITIONS | 924,884,693 | (18,250,716) | 943,135,409 | 5,168 |
| <u>DEDUCTIONS</u> | | | | |
| Retirement, Disability, Survivor & Death Benefits | 370,008,718 | 354,185,934 | 15,822,784 | 4 |
| Health Care Expenses | 39,180,730 | 36,008,004 | 3,172,726 | 9 |
| Refunds & Transfers | 23,524,348 | 24,959,416 | (1,435,068) | (6) |
| Administrative Expenses (excluding Investments) | 8,394,798 | 7,226,190 | 1,168,608 | 16 |
| TOTAL DEDUCTIONS | 441,108,594 | 422,379,544 | 18,729,050 | 4 |
| Changes in Net Position | 483,776,099 | (440,630,260) | 924,406,359 | 210 |
| Net Position - Beginning | 19,521,138,893 | 18,265,722,222 | 1,255,416,671 | 7 |
| SERS Net Position - Ending | \$20,004,914,992 | \$17,825,091,962 | \$2,179,823,030 | 12% |

HEALTH CARE FUND

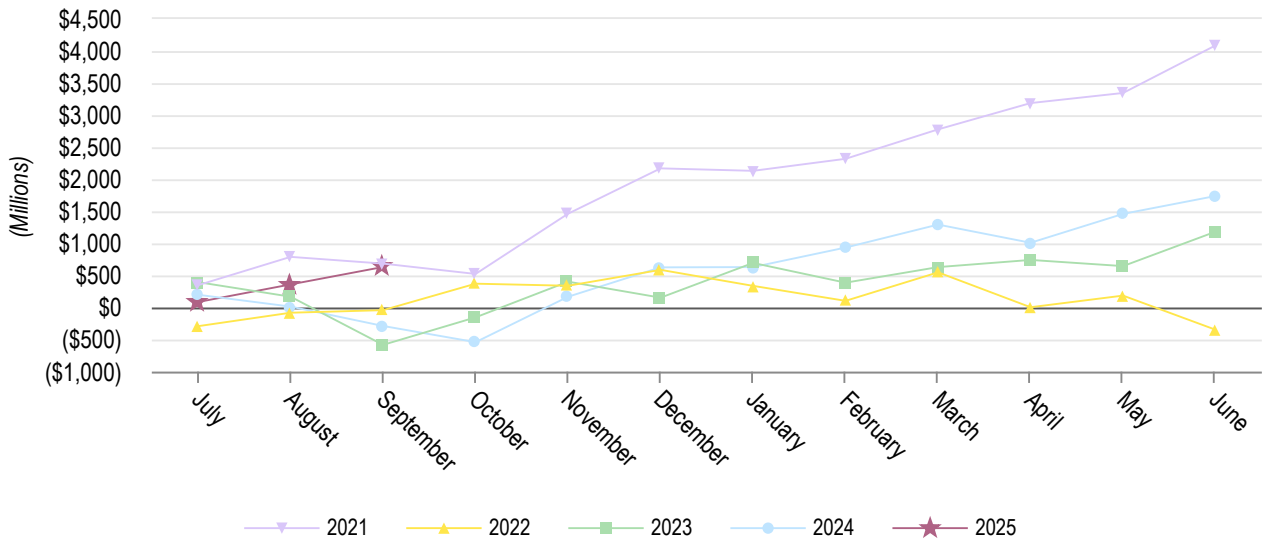
HEALTH CARE ADDITIONS

| | | | | |
|--|----------------------|----------------------|----------------------|------------|
| Employer Contributions | \$14,999,667 | \$14,125,834 | \$873,833 | 6% |
| Health Care Premiums | 14,266,964 | 14,843,737 | (576,773) | (4) |
| Federal Subsidies & Other Receipts | 26,063,957 | 17,570,656 | 8,493,301 | 48 |
| Total Investment Income (Loss), Net | 22,179,144 | (9,603,949) | 31,783,093 | 331 |
| TOTAL HEALTH CARE ADDITIONS | 77,509,732 | 36,936,278 | 40,573,454 | 110 |
| TOTAL HEALTH CARE DEDUCTIONS | 40,005,286 | 36,724,417 | 3,280,869 | 9 |
| Changes in Net Position | 37,504,446 | 211,861 | 37,292,585 | 17,602 |
| Net Position - Beginning | 816,468,867 | 706,785,561 | 109,683,306 | 16 |
| SERS Health Care Fund Net Position - Ending | \$853,973,313 | \$706,997,422 | \$146,975,891 | 21% |

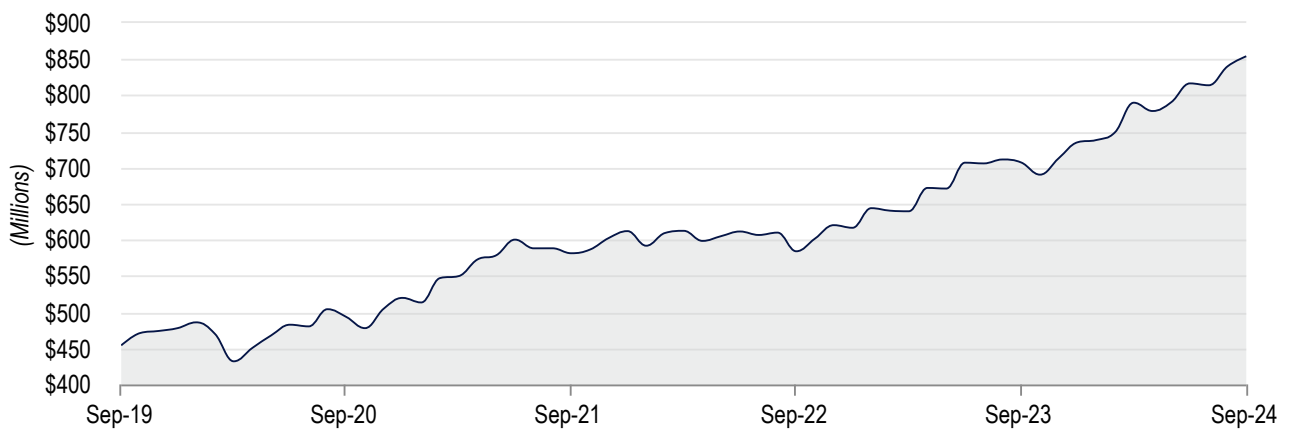
Total SERS Fund Balance for Previous 12 Months



Investment Income (includes realized and unrealized gains & losses)



Health Care Fund Balance Trend



School Employees Retirement System of Ohio
System Year-to-Date Budget Analysis
Through September 30, 2024

FYTD25

| | FYTD24 | | | Actual to | Budget to | |
|--------------------------------------|---------------------|---------------------|----------------------|--------------|---------------------|--------|
| | Actual | Actual | Budget | Budget % | Actual | Notes |
| | | | | | Under/(Over) | |
| PERSONNEL SERVICES | \$ 6,531,694 | \$ 6,042,531 | \$ 7,114,783 | 84.9% | \$ 1,072,252 | Note 1 |
| Salaries & Wages | 4,952,450 | 4,358,735 | 5,327,732 | 81.8% | 968,997 | |
| PERS Retirement Contributions | 643,425 | 575,526 | 707,795 | 81.3% | 132,269 | |
| Benefits | 935,819 | 1,108,270 | 1,079,256 | 102.7% | (29,014) | |
| PROFESSIONAL SERVICES | 1,543,575 | 1,612,553 | 1,636,947 | 98.5% | 24,394 | |
| Actuarial Advisors | 57,561 | 55,996 | 53,625 | 104.4% | (2,371) | |
| Audit Services | 20,850 | 60,000 | 40,000 | 150.0% | (20,000) | Note 2 |
| Banking Fees | 270,401 | 304,462 | 303,345 | 100.4% | (1,117) | |
| Investment Related | 709,835 | 592,848 | 631,366 | 93.9% | 38,518 | |
| Medical | 11,250 | 11,250 | 11,250 | 100.0% | - | |
| Technical | 473,678 | 587,997 | 597,361 | 98.4% | 9,364 | |
| COMMUNICATIONS EXPENSE | 243,762 | 358,531 | 308,883 | 116.1% | (49,648) | |
| Postage | 113,908 | 302,811 | 190,213 | 159.2% | (112,598) | Note 3 |
| Telecommunications Services | 80,464 | 18,518 | 48,970 | 37.8% | 30,452 | Note 4 |
| Member/Employer Education | 4,140 | 7,141 | 15,450 | 46.2% | 8,309 | |
| Printing & Publication | 45,250 | 30,061 | 54,250 | 55.4% | 24,189 | |
| OTHER OPERATING EXPENSE | 1,044,288 | 1,543,455 | 2,034,388 | 75.9% | 490,933 | |
| Computer Support Services | 741,076 | 796,600 | 1,140,598 | 69.8% | 343,998 | Note 5 |
| Office Equipment & Supplies | 28,928 | 69,999 | 79,011 | 88.6% | 9,012 | |
| Training | 29,980 | 36,680 | 68,550 | 53.5% | 31,870 | Note 6 |
| Transportation & Travel | 24,563 | 34,816 | 57,590 | 60.5% | 22,774 | |
| Memberships Subscriptions | 40,895 | 48,344 | 62,502 | 77.3% | 14,158 | Note 7 |
| Property & Mgmt. Liability Insurance | 133,279 | 512,467 | 566,375 | 90.5% | 53,908 | |
| Maintenance | 6,237 | 12,445 | 15,025 | 82.8% | 2,580 | |
| Staff Support | 22,037 | 16,293 | 25,760 | 63.2% | 9,467 | |
| School District Reimbursement | 1,420 | 533 | 1,977 | 27.0% | 1,444 | |
| Mandatory Costs- ORSC | 15,873 | 15,278 | 17,000 | 89.9% | 1,722 | |
| TOTAL DEPARTMENT EXPENSES | 9,363,319 | 9,557,070 | 11,095,001 | 86.1% | 1,537,931 | |
| TOTAL SERS ADMIN EXPENSES | 9,363,319 | 9,557,070 | 11,095,001 | 86.1% | 1,537,931 | |
| NET BUILDING EXPENSE | 167,458 | 237,859 | 322,095 | 73.8% | 84,236 | Note 8 |
| TOTAL ADMINISTRATIVE EXPENSES | <u>\$ 9,530,777</u> | <u>\$ 9,794,929</u> | <u>\$ 11,417,096</u> | <u>85.8%</u> | <u>\$ 1,622,167</u> | |

See notes on following page

FYTD = Fiscal Year To Date

Notes to System Year-to-Date Budget Analysis

Year to Date FY2025 September 30, 2024

- Note 1: **Personnel** is under budget mainly due to the timing of the FY2024 incentive compensation program, which was budgeted for disbursement in September but paid in October. This is offset by Group Health Claims trending higher than budgeted.
- Note 2: **Audit Services** are billed incrementally for the fixed fee external financial statement audit contract. The variance is due to the timing of the work performed as compared to the estimated timing per the budget.
- Note 3: **Postage** is over budget due to timing as postage is purchased incrementally. Additional postage for the board election and year end 1099's was purchased in September while budgeted for the 2nd quarter of FY2025.
- Note 4: **Telecommunication Services** budgeted for zoom phone carrier expenses. The full amount for the year was budgeted for July but expenses are billed monthly.
- Note 5: **Computer Support Services** is under due to timing. The Microsoft enterprise renewal and true up was budgeted for September but paid in October. Additionally, some hardware maintenance was budgeted for earlier in the fiscal year and has not been renewed yet.
- Note 6: **Training and Travel** are budgeted evenly throughout the fiscal year and the timing of staff training and travel can vary.
- Note 7: **Memberships Subscriptions** are under budget due to timing. Both the Coalition to Preserve Retirement Security and FS-ISAC were budgeted to renew, and the renewal invoices have not been received.
- Note 9: **Net Building Occupancy** is under budget year to date. The building expenses are under mainly due to timing of security and utility invoices. Additionally, we budgeted for fitness equipment that has not yet been purchased.

**OSERS Broad Street, LLC
Year-to-Date Budget Analysis
Through September 30, 2024**

| | | <u>FYTD 2025</u> | | | | | |
|-------------------------------|--------------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|--------|
| | | FY2024 | FY2025 | | | Budget to Actual | |
| | | Actuals | Budget | Budget | Actuals | Under/(Over) | Notes |
| OPERATING INCOME | | | | | | | |
| | Suite Income | \$ 537,291 | \$ 430,400 | \$ 135,230 | \$ 135,229 | 1 | |
| | Parking Income | 236,265 | 228,480 | 58,695 | 67,475 | (8,780) | Note 1 |
| | Miscellaneous Income | 2,314 | - | - | - | - | |
| | | <u>775,870</u> | <u>658,880</u> | <u>193,925</u> | <u>202,704</u> | <u>(8,779)</u> | |
| OPERATING EXPENSES | | | | | | | |
| | Property Management & Labor | 305,000 | 305,000 | 76,250 | 76,250 | - | |
| | Administrative Services | 7,062 | 6,900 | 350 | 226 | 124 | |
| | Building Maintenance | 956,407 | 1,231,822 | 313,355 | 276,102 | 37,253 | Note 2 |
| | Utilities | 324,201 | 409,060 | 103,765 | 71,775 | 31,990 | Note 3 |
| | Building & Equipment Insurance | 75,496 | 78,000 | 78,000 | 73,057 | 4,943 | |
| | Real Estate Taxes | 280,811 | 287,550 | 15,550 | 15,519 | 31 | |
| | | <u>1,948,977</u> | <u>2,318,332</u> | <u>587,270</u> | <u>512,929</u> | <u>74,341</u> | |
| NON-OPERATING EXPENSES | | | | | | | |
| | Lease Commission Fees | 2,657 | - | - | - | - | |
| | Special Counsel Fees | 213 | 5,000 | 5,000 | - | 5,000 | Note 4 |
| | Building Remodeling | 8,066 | 525,000 | - | 3,884 | (3,884) | Note 5 |
| | | <u>10,936</u> | <u>530,000</u> | <u>5,000</u> | <u>3,884</u> | <u>1,116</u> | |
| CAPITAL | | | | | | | |
| | Leasehold Improvements | 58,798 | - | - | - | - | |
| | | <u>58,798</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | |
| | TOTAL | \$ 1,242,841 | \$ 2,189,452 | \$ 398,345 | \$ 314,109 | 84,236 | |

FY - Fiscal Year

FYTD - Fiscal Year To Date

Notes to OSERS Broad Street, LLC Year-to-Date Budget Analysis Through September 30, 2024

- Note 1: **Parking Income** is higher for FY2025 due to an increase in parking tenants.
- Note 2: **Building Operations & Maintenance** are under budget mainly due to timing. Security expenses YTD are slightly under due to special duty staffing and new equipment was budgeted for the wellness center, but the equipment has not been purchased yet.
- Note 3: **Utilities** are below budget mainly due to timing. The electricity invoice for September was received and paid in October.
- Note 4: **Special Counsel Fees** are budgeted for July for the whole fiscal year and are used on an as needed basis. There has not been a need so far this year.
- Note 5: **Building Remodeling** is over due to timing. Planning for an upcoming remodeling project has begun but was budgeted starting in the 2nd quarter of FY2025.

Memo

To: Retirement Board
From: Chris Collins
cc: Richard Stensrud, Karen Roggenkamp
Date: November 11, 2024
Re: **Federal Legislative Report**

ELECTIONS 2024

The day before Election Day Ohio Secretary of State Frank LaRose said that Ohioans should have confidence in their state's elections process whether they headed to the polls on Election Day or waited for their early-vote ballots to be tabulated.

More than 2.5 million people, 30-plus percent of Ohio's registered voters, had already cast a ballot by mail or in person, according to his office. In his press conference, LaRose detailed months of preparatory work, communications fail-safes and rapid response and triage plans for tackling Election Day problems large and small, among other efforts.

As for the results on Election Day, former President Trump won all the key battleground states over Vice President Kamala Harris, securing a decisive presidential victory. Trump, who will be at 78 at his swearing-in, now becomes the first person since Grover Cleveland to win the presidency for two nonconsecutive terms. In state after state, Trump outperformed what he did in the 2020 election while Harris failed to do as well as Joe Biden did in winning the presidency four years ago.

Trump beat Harris in Ohio by a margin of 55.3 percent to 43.9 percent.

While he ran well ahead of Harris, U.S. Sen. Sherrod Brown (D-OH) lost his bid for reelection against Republican challenger Bernie Moreno. According to unofficial results from the Ohio Secretary of State's Office, Moreno defeated Brown by a vote of 50.2 percent to 46.4 percent. Moreno's win over Brown was one of several pickups by Republicans across the country, giving the GOP a majority in the U.S. Senate in the next Congress.

Democrats secured victory of two of three high-profile U.S. House contests in Ohio and look likely to hold onto the third, although U.S. Rep. Marcy Kaptur's (D-Toledo) close battle with Rep. Derek Merrin (R-Maumee) might go to a recount. U.S. Rep. Greg Landsman (D-Cincinnati) won another term representing the 1st Congressional District on Tuesday night, defeating Republican challenger Orlando Sonza 54.4 percent to 45.6 percent. Landsman was first elected from the district in 2022, unseating former U.S. Rep. Steve Chabot (R-Cincinnati). In the 13th Congressional District, U.S. Rep. Emilia Sykes (D-Akron) was leading Republican challenger Kevin Coughlin 51.5 percent to 48.5 percent. Coughlin conceded Wednesday morning. Kaptur is leading Merrin 48.1 percent to 47.8 percent, while Libertarian Tom Pruss had 4 percent. The U.S. House majority is not yet

determined with late arriving ballots still being counted in some western states. However, the likeliest scenario is that Republicans will continue to hold a slight majority in the House.

FEDERAL APPROPRIATIONS

With Republicans on the cusp of unified control of Washington, Congress appears primed to extend the deadline for a government shutdown well past President-elect Donald Trump's inauguration.

Lawmakers are discussing a temporary measure that would fund the government into March. That would give the Senate plenty of time to begin confirming Trump's Cabinet nominees, and the House time to plot out maneuvers on tax legislation, without the threat of an imminent government shutdown. Without new legislation, financing for federal agencies will expire December 20th.

The proposed timeline also jibes with the timing of a plan originally put forward by House Speaker Mike Johnson (R-LA) in September. Johnson proposed a six-month continuing resolution, or CR, that would have lasted until March and included unrelated legislation the House had previously approved to require proof of citizenship to register to vote in national elections.

HOUSE ENERGY AND COMMERCE COMMITTEE CHAIRMANSHIP

Congressman Bob Latta (R-OH) is one of several potential candidates to become the new chairman of the House Energy and Commerce committee. If selected by fellow Republicans, he would have extensive influence over one of the chamber's most powerful committees. On top of issues ranging from technology to the environment, Energy and Commerce is a key panel in shaping health policy, with its jurisdiction including health insurance, medical research, drug and medical device safety and health care more broadly.

Latta, who's served in Congress since 2007 and currently chairs the Communications and Technology Subcommittee, will face off against Health Subcommittee Chairman Brett Guthrie of Kentucky, a member since 2009, in a race triggered by the pending retirement of Energy and Commerce Chair Cathy McMorris Rodgers (R-WA).

In a recent interview with Roll Call, Latta said his top concerns, if elected as chair, include prioritizing the shifting needs of an aging population, expanding the health workforce and delving into the nitty-gritty issues that affect medical providers.

Latta said he was open to following a model used to pass a bipartisan 2018 opioid treatment, prevention and enforcement law. The law encompasses dozens of smaller bills, many which were marked up and debated through the Energy and Commerce committee.

During that process, he said, the committee looked at all angles including finding treatments for patients other than opioids, but worked to assure that prescription opioids were still an option when needed as a "last case scenario" to ensure patient safety.

He suggested the committee could look at obesity drugs like GLP-1s, commonly known as Wegovy or Ozempic, in a way similar to how they approached prescription opioids, examining whether the nation was also promoting "healthy lifestyles" including diet and exercise as prevention measures.

He did not endorse any of the existing legislation ahead of this process.

"We do have a problem in the country with obesity," said Latta, adding he wants to examine more what issues are linked to obesity in an aging population as well as treatments including the obesity drugs. "I believe in the committee process, it says how we learn, how we produce good pieces of legislation."

SOCIAL SECURITY ADMINISTRATION

The Social Security Administration announced the COLA for 2025 for Social Security benefits and Supplemental Security Income payments in October. Federal benefit rates increase when the cost-of-living rises, as measured by the Department of Labor's Consumer Price Index (CPI-W). The increase will be 2.5%.

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

The sponsors of a U.S. House bill that would repeal Social Security's Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) have been at least temporarily delayed in forcing a floor vote on their legislation.

The Social Security Fairness Act (H.R. 82), legislation to repeal WEP and GPO, appeared to be headed to a House floor vote during the post-election session after its two main sponsors filed a discharge petition in mid-September. They quickly secured the necessary signatures to allow the discharge petition to move forward.

However, during a pro forma session of the House of Representatives on election night, opponents of H.R. 82 successfully deployed a parliamentary maneuver to forestall its consideration, at least temporarily. Presiding over the brief seven-minute session Rep. Andy Harris (R-MD) recognized outgoing Rep. Bob Good (R-VA), the former Freedom Caucus chair who lost his primary, for a unanimous consent request. Good's request to lay the Social Security bill on the table was agreed to by unanimous consent, with no one else in the chamber to object.

It is possible that the measure still could receive a vote if the rule defining how the bill could be debated were to be called up for a vote under discharge procedures or an identical bill could be introduced and voted on. But the future of the legislation is up in the air for now. It does indicate how adverse some members of the House are to even allowing a vote on WEP and GPO repeal.

Still, if the sponsors of the act are successful in moving their bill through the House, it will need to be considered by the U.S. Senate. There, the bill will likely receive additional scrutiny for its cost, which the Congressional Budget Office estimates will reach \$196 billion over 10 years. It's a significant hurdle when the Social Security trust fund is forecasted to be depleted in less than a decade.

HEALTH CARE

Health Care Roundtable Conference

The Public Sector Health Care Roundtable conference met this year from November 6-8 in Washington, DC. The conference provided members and guests a unique opportunity to hear presentations by high level government officials and key experts – from Congress and the Administration, academics, benefit consultants, plan administrators, advocates and industry leaders in an intimate dialogue-oriented setting. Topics on the agenda included:

- Impact of election results on federal health care policy
- Preview of potential lame duck activities
- The evolving Medicare landscape
- Opportunities to address drug prices in the U.S.

SERS staff in attendance heard from speakers from health care experts from the Better Medicare Alliance, AARP, as well as representatives from the outgoing Biden administration.

2025 Medicare Parts A & B Premiums and Deductibles

On November 8th, the Centers for Medicare & Medicaid Services (CMS) released the 2025 premiums, deductibles, and coinsurance amounts for the Medicare Part A and Part B programs.

Medicare Part B covers physicians' services, outpatient hospital services, certain home health services, durable medical equipment, and certain other medical and health services not covered by Medicare Part A.

Each year, the Medicare Part B premium, deductible, and coinsurance rates are determined according to provisions of the Social Security Act. The standard monthly premium for Medicare Part B enrollees will be \$185.00 for 2025, an increase of \$10.30 from \$174.70 in 2024. The annual deductible for all Medicare Part B beneficiaries will be \$257 in 2025, an increase of \$17 from the annual deductible of \$240 in 2024.

The increase in the 2025 Part B standard premium and deductible is mainly due to projected price changes and assumed utilization increases that are consistent with historical experience.

Medicare Part A covers inpatient hospitals, skilled nursing facilities, hospice, inpatient rehabilitation, and some home health care services. About 99% of Medicare beneficiaries do not have a Part A premium since they have at least 40 quarters of Medicare-covered employment, as determined by the Social Security Administration.

The Medicare Part A inpatient hospital deductible that beneficiaries pay if admitted to the hospital will be \$1,676 in 2025, an increase of \$44 from \$1,632 in 2024. The Part A inpatient hospital deductible covers beneficiaries' share of costs for the first 60 days of Medicare-covered inpatient hospital care in a benefit period. In 2025, beneficiaries must pay a coinsurance amount of \$419 per day for the 61st through 90th day of a hospitalization (\$408 in 2024) in a benefit period and \$838 per day for lifetime reserve days (\$816 in 2024). For beneficiaries in skilled nursing facilities, the daily coinsurance for days 21 through 100 of extended care services in a benefit period will be \$209.50 in 2025 (\$204.00 in 2024).

It is important to remember that for SERS' service and disability benefit recipients who are enrolled in SERS' health care coverage benefits have a \$0 deductible for Part A and B and Medicare Part B can be reimbursed \$45.50 per month to help offset the cost of their Medicare Part B premium that is due directly to Medicare. For inpatient hospitalization a co-pay of \$150 per day 1-5, then 100% coverage and skilled nursing facilities co-pay of \$0 per day 1-10, \$25 per day 11-20, \$50 per day 21-100.

FEDERAL LEGISLATION BOARD REPORT
118th United States Congress
(Prepared by Chris Collins as of November 8, 2024)

H.R.82

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

LAST ACTIONS: House – 9/19/2024 Motion to discharge the Committee on Rules filed by Mr. Graves (LA). Assigned to the Discharge Calendar, Calendar No. 2.

CAPTION: Social Security Fairness Act of 2023

COMMENT: Repeals the GPO and WEP. 330 co-sponsors; 12 Ohioans

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. 62 co-sponsors; Both Ohio Senators

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: 107 co-sponsors; two Ohioans

H.R.4583

SPONSOR: Rep. John Larson (D-CT)

LAST ACTIONS: House - 07/12/2023 Referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

CAPTION: Social Security 2100 Act. To protect our Social Security system and improve benefits for current and future generations.

COMMENT: 188 co-sponsors; four Ohioans

H.R.5342

SPONSOR: Rep. Jodey Arrington (R-TX)

LAST ACTIONS: House - 09/05/2023 Referred to the House Committee on Ways and Means

CAPTION: To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment, and for other purposes.

COMMENT: 37 co-sponsors; three Ohioans

H.R.7780

SPONSOR: Rep. Greg Murphy (R-NC)

LAST ACTIONS: House - 03/21/2024 Referred to the House Committee on Ways and Means

CAPTION: To amend the Internal Revenue Code of 1986 to prohibit certain retirement plans from making investment decisions on the basis of factors other than financial risk and return factors.

COMMENT: 3 co-sponsors; no Ohioans

STATE LEGISLATION BOARD REPORT
(Prepared by Chris Collins as of November 8, 2024)

135th General Assembly

SB 6 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: 06/18/2024 House Financial Institutions, (Second Hearing)

HB 4 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: 11/14/2023 Substitute Bill Accepted

HB 33 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: 01/24/2024 Consideration of Governor's Veto; Senate Overrides Veto, Vote 24-8

HB 146 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)

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

Current Status: 04/10/2024, ADOPTED BY SENATE; Vote 30-0

HB 257 VIRTUAL MEETINGS FOR PUBLIC BODIES (Hoops, Claggett) - To authorize certain public bodies to meet virtually, and to declare an emergency.

Current Status: 06/26/2024 Senate Government Oversight, (Second Hearing)

HB 491 STATE, LOCAL GOVERNMENT EXPENDITURE DATABASE REQUIREMENTS (Young, Peterson) - To require a political subdivision or state retirement system to provide information on expenditures to the Treasurer of State for inclusion in the Ohio State and Local Government Expenditure Database.

Current Status: 06/11/2024 House State and Local Government, (Second Hearing)

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.

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

CONVENED IN EXECUTIVE SESSION AT _____ A.M./P.M.

RETURNED TO OPEN SESSION AT _____ A.M. / P.M.

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

AUDIT COMMITTEE MEETINGS

December 18, 2024 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

December 19, 2024 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

December 19, 2024 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

December 19 – 20, 2024 – 8:30 a.m. (Thurs. and Fri.)

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

CALENDAR DATES FOR SERS BOARD AND COMMITTEE MEETINGS FOR 2025 **

AUDIT COMMITTEE MEETINGS

March 19, 2025 – 2:30 p.m. (Weds.)
June 18, 2025 – 2:30 p.m. (Weds.)
September 17, 2025 - 2:30 p.m. (Weds.)
December 17, 2025 – 2:30 p.m. (Weds.)

COMPENSATION COMMITTEE MEETINGS

March 20, 2025 – 7:30 a.m. (Thurs.)
June 19, 2025 – 7:30 a.m. (Thurs.)
July 17, 2025 – 7:30 a.m. (Thurs.) **** Special Meeting ****
September 18, 2025 – 7:30 a.m. (Thurs.)
December 18, 2025 – 7:30 a.m. (Thurs.)

TECHNOLOGY COMMITTEE MEETINGS

March 20, 2025 – 12:30 p.m. (Thurs.)
June 19, 2025 – 12:30 p.m. (Thurs.)
September 19, 2025 – 12:30 p.m. (Thurs.)
December 19, 2025 – 12:30 p.m. (Thurs.)

BOARD MEETINGS

February 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.) **** Annual Board Workshop ****
March 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
April 17 – 18, 2025 - 8:30 a.m. (Thurs. and Fri.)
May 15 – 16, 2025 – 8:30 a.m. (Thurs. and Fri.)
June 19 – 20, 2025 – 8:30 a.m. (Thurs. and Fri.)
July 17 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.)
September 18 – 19, 2025 – 8:30 a.m. (Thurs. and Fri.) **** Board Picture Day ****
October 16 – 17, 2025 – 8:30 a.m. (Thurs. and Fri.)
November 20 – 21, 2025 – 8:30 a.m. (Thurs. and Fri.)
December 18 – 19, 2025 – 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

1.

2.

3.

4.

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ADJOURNMENT(R)

_____ moved that the SERS Retirement board adjourn to meet on Thursday, December 19, 2024, for their next regularly scheduled meeting.

The meeting adjourned at _____ a.m./p.m.

Matthew King – Chair

Richard Stensrud, Secretary